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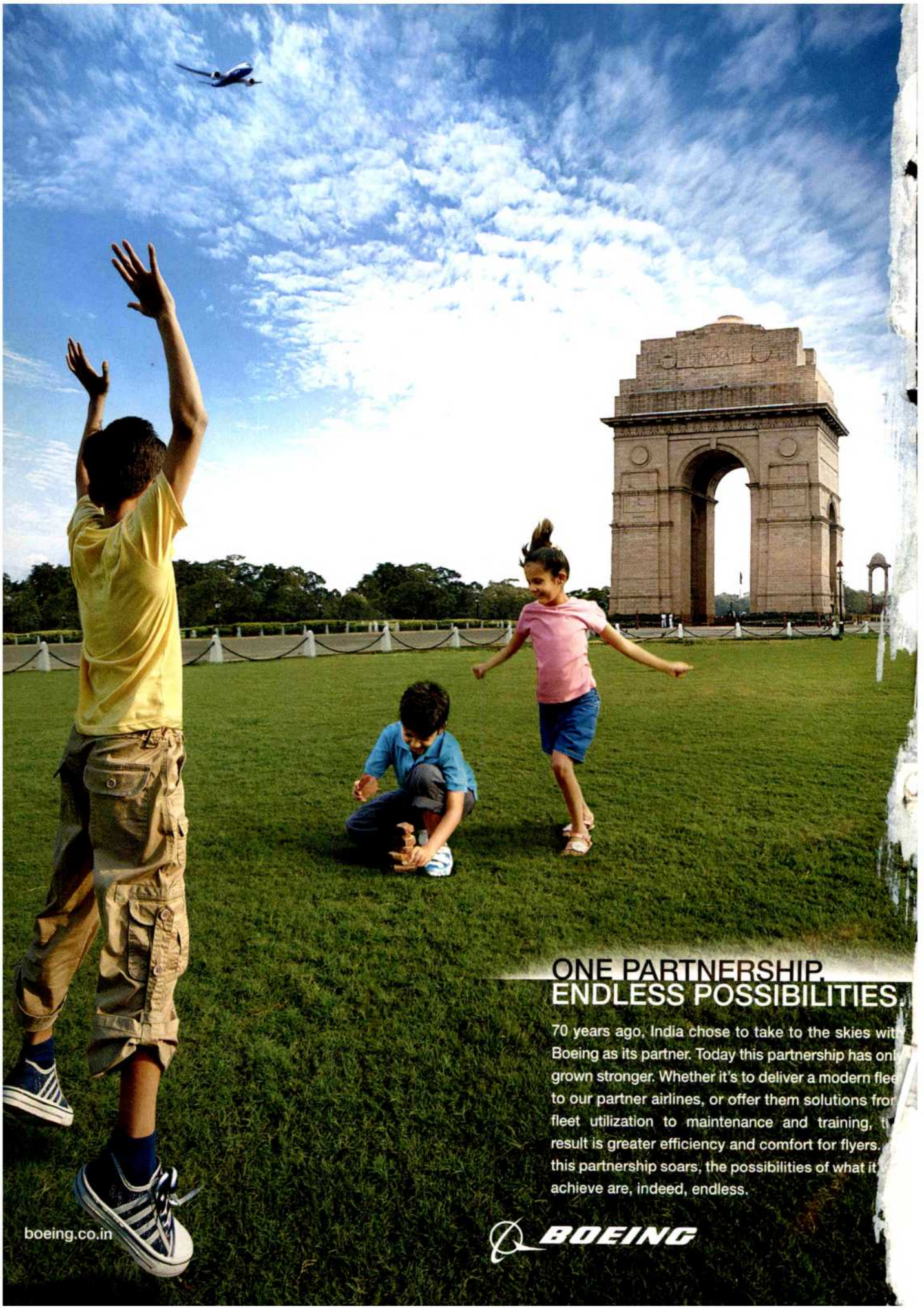
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From the Editor

P 33,147

I remember a composite satellite photograph of the world taken at night-time. One country stood out like a black blotch on a map that was mostly shining – North Korea, the 'Hermit Kingdom'.

This fortnight I felt very much like I live in my own hermit kingdom. Perhaps an ascetic life in a tiny ashram, reading V.S. Naipaul's 'An Area of Darkness' by candlelight, made sense. I was in turmoil: I could not tell if I ought to be serene and stoical about one-tenth of the world's population (resident in my country) being hit by a huge power outage. I did not know if I ought to be proud that India's per capita national electricity consumption is one of the very lowest in the world at 778 units annually; that 15 States and Union Territories consume even less than this average; that the eastern states are in near-perennial darkness. And yes – that even North Korea's per capita electricity consumption is higher than India's. And on July 31, the second successive day the blackouts hit, Power Minister Sushil Kumar Shinde was handed a promotion to Home Minister and Leader of the House in the Lok Sabha. If more proof were needed that we live in a topsy-turvy world, North Korea was No. 15 on the London Olympics medals table with four golds and one bronze, while India was No. 46 with one silver and three bronze medals, with only three days of the Games left. While I was picking myself up off the floor after this series of knock-out punches, fresh data showed June industrial production had shrunk by 1.8 per cent. It felt like India was being pushed back to the Bronze Age.

Indeed, Cicero would exclaim *o tempora o mores* if he read our painstaking investigation of deceit and corruption in the 'placement' race that hundreds of thousands of freshly-minted college graduates find themselves in. India is in danger of being the world's largest repository of under-skilled, unemployable young people. When engineering colleges fixated more on profits than professionalism jostle one another to attract fee-paying students, they often boast of their '100 per cent placement' records. But jobs are not very easy to find once these degree factories spit out their latest batch. Enter the middlemen, who promise the colleges they will find jobs for all their graduates, and promise the graduates they will all be employed. It is fertile ground for the unscrupulous: India's IT industry employs 2.8 million people. This is the time of year when college graduates join the workforce, and our investigation is particularly timely. In late July, NASSCOM's HR summit in Chennai ended on an upbeat note. "The business challenge of the modern-day HR mandates it to implement Exemplary Talent Practices to source, attract, develop and retain this talent," the IT-BPO industry group said. Associate Editor Goutam Das spent four months reporting on the story. He visited the engineering college clusters of Vijayawada and Khammam, speaking to several colleges there. He spoke to placement officers at 20 rural colleges across Karnataka, Andhra Pradesh, Tamil Nadu, Uttar Pradesh, Punjab, Orissa and Uttarakhand. He also met, wrote to, and spoke on the phone with at least 40 executives of information technology companies, and a handful working with placement agencies and recruitment firms. Both he and Associate Editor E. Kumar Sharma also tried every method to get hold of one of the main characters in this sordid play, who you will read about in the story they unearthed starting on page 60 – but, like the Scarlet Pimpernel, "they sought him here, they sought him there" and Kumar can now count several policemen, lawyers and court officials among his friends, as he became a fixture at police stations and law courts in recent weeks. We hope these tales will help many an unsuspecting and desperate parent (and eager jobseeker).

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
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Vol. 21, No. 18, for the fortnight August 20-September 2, 2012. Released on August 20, 2012.

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Building India

The cover story (*Deconstructing HCC*, August 19) brings into focus the difficulties in investing and developing infrastructure projects, especially in a country like India. Ajit Gulabchand has taken bold steps to build the Kolkata Metro and Bandra-Worli Sealink. Though his Lavasa project, the township near Pune, is caught up in controversies, I am sure Gulabchand's vision will make it a success.

Jacob Sahayam, *Thiruvananthapuram*

Shortsighted Step

The Delhi Government has put the 'cash instead of rations' project on hold because people at the ground level are opposing it on a large scale. The Food and Supply Department instead of implementing its own laws, rules, orders, is trying to bring in a new system which is of no use (*Old Diet, New Recipe*, August 5). The PDS system in India is a full-proof system and the corruption in it is due to non-implementation of basic laws. The second reason is governance failure, which includes dereliction of duty from top to bottom.

Manmohan Singh, *Delhi*

Correction

The story *The Importance of Being Jignesh* (August 5) carries the line: "Of the total turnover of ₹542.89 trillion transacted on Indian bourses across asset classes in 2010/11, Shah-controlled exchanges accounted for ₹40.35 trillion or over 25.85 per cent." The figure should have been ₹140.35 trillion, not ₹40.35 trillion. We regret the error.

Send all your comments to editor.bt@intoday.com

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Pfizer pays $60 million to settle bribery charges: Nothing new this is the normal unethical way pharma cos boost sales. Anybody who thinks these cos serve mankind better think again.
Richard Dartnell

Sunny Leon's Jism 2 registers fair opening, makes ₹21 crore in first weekend: Well I was expecting something around ₹50 crore. It is to little compared to the amount of publicity the film got.
Himanshu Prabhakar

The great dream of A. Raja to make mobile services cheaper to all Indians just collapsed @BT_India: 2G spectrum: base price set at ₹14,000 crore
vigmukesh

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PDS Suggestion

Corruption in PDS is nothing new. The story (*Old Diet, New Recipe*, August 5) made some important points such as there is illegal diversion and leakage of foodgrains, but there is more. About a year ago, it was reported that Tamil Nadu and Andhra Pradesh have the most number of bogus BPL cards. Is it possible that the government transfers cash to card holders and issues debit cards? The cards can be used only in PDS shops. In India, transferring cash may not see a decline in poverty. The number of poor might even increase as it will help the political parties. The government should look at the bigger picture and formulate its plans.

V. Nirmala, *Mumbai*

V. Nirmala wins the prize for the best letter of this fortnight

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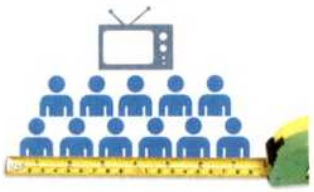

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SMART READER CONTEST

Answer this simple question by September 5 and get a chance to win a Reebok bag.

Which state has seen the maximum number of IT company-related hiring scams?
(a) Andhra Pradesh (b) Karnataka
(c) Tamil Nadu

Correct answer to August 5 issue's question:
How many HUL employees received a 'consumer and customer licence' from the company last year?:
(b) More than 1,400
Winners: Dr Mahendra Kumar Nayak (Bhubaneswar), Rajesh Bhadeja (Delhi), Manish Daga (Kolkata)

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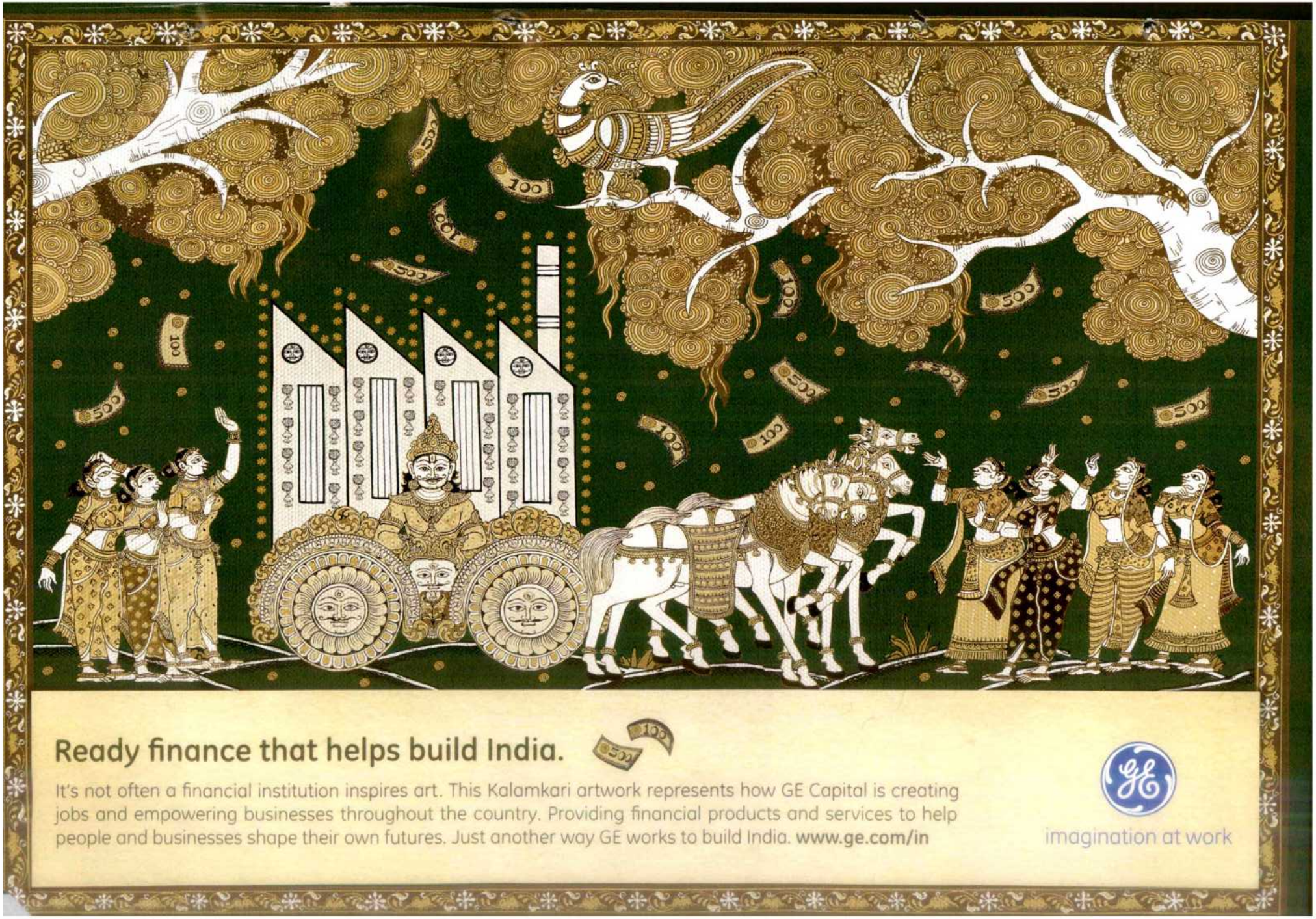
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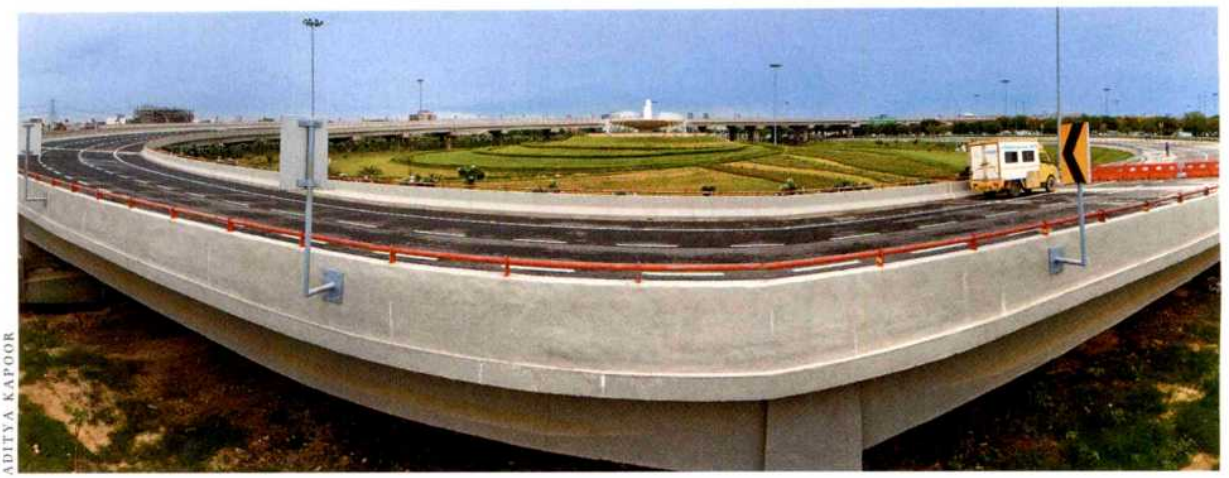


ADITYA KAPOOR

Fast Forward: The 165.54 km long six lane concrete Expressway from Delhi's satellite town of Greater Noida to Agra was inaugurated by Uttar Pradesh Chief Minister Akhilesh Yadav on August 9. Built by Jaypee Infratech Ltd. at a cost of ₹12,800 crore, it is the longest toll road in the country, and raises hopes that other such ambitious highway projects, many of them stuck due to land acquisition issues or lack of environmental clearances, will also be completed soon.

Corporate

Cognizant, led by **Francisco D'Souza**, is now second in the Indian IT pecking order, behind Tata Consultancy Services. It posted revenues of $1.8 billion in the second quarter of 2012, a 4.9 per cent increase over the previous quarter. Cognizant's revenues exceeded **Infosys's** by about $43 million. It has maintained its 20 per cent growth forecast for the year till December, as compared with Nasscom's 11 to 14 per cent. Also see *businesstoday.in/cognizant-rise*.

CARICATURE BY SANTOSH

Bharti Airtel, India's largest mobile operator, has reported lower than expected profits for the quarter ended June 2012. Its net profit fell 24.23 per cent quarter-on-quarter to ₹762.2 crore. This is the tenth straight quarter that the company has posted a decline in profit, despite an increase in its subscriber base.

Reliance Industries has received a conditional nod from the petroleum ministry to invest over $1 billion to raise the output of its KG-D6 block off the Andhra Pradesh coast. Relations between the company and the ministry appear to be improving after RIL agreed to share its D6 accounts with the Comptroller and Auditor General (CAG).

BT RETRO

Private equity giant **Bain Capital** Partners is buying a 30 per cent stake in India's biggest business process outsourcing firm, **Genpact**, for $1 billion. The deal values Genpact at $3.29 billion (₹18,095 crore). Bain, co-founded by US presidential candidate Mitt Romney, edged out Apax Partners to emerge as the single largest shareholder in the NYSE-listed company. After the stake sale, longtime shareholders Oak Hill and General Atlantic will continue to hold a 10 per cent stake in Genpact. Also see *businesstoday.in/genpact-rise*.

Standard Chartered has been accused of hiding about 60,000 transactions with the Iranian government, involving $250 billion. New York state's financial watchdog has accused it of exposing the US financial system to terrorists, weapon dealers and drug kingpins. The UK-based bank has also been found to have deficient money laundering controls in its Indian outsourcing operations.

The MIST (Mexico, Indonesia, South Korea and Turkey) grouping of countries may well become the favourite investment destination for Goldman Sachs N-11 Equity Fund. The fund rose 12 per cent this year, compared with a 1.5 per cent gain in the investment bank's BRIC (Brazil, Russia, India and China) fund.

Economy

The **fiscal deficit** for the first quarter of financial year 2012/13 stood at **₹1,90,460 crore**, accounting for 37.1 per cent of budget estimates for the year. In an effort to get a better handle on costs, the finance ministry has asked every ministry to provide monthly expenditure plans and quarterly expenditure allocations.

Revenue Secretary **R.S. Gujral**, seen as the architect of the controversial tax proposals in the last Budget, has swapped roles with Expenditure Secretary Sumit Bose. Finance Minister **P. Chidambaram** is expected to effect more changes in the ministry.

According to **Kaushik Basu**, the finance ministry's outgoing Chief Economic Adviser, GDP growth is likely to fall below six per cent in the first half of 2012/13. Rating agency CRISIL has slashed India's growth forecast to 5.5 per cent for the financial year ending March, just two months after pruning its projection to 6.5 per cent from 7 per cent. Moody's has revised its India forecast too. Poor rainfall and weakness in the Euro zone contributed to the dismal outlook.

Industrial output fell for the third time in four months in June, shrinking 1.8 per cent following a sharp decline in manufacturing, while capital goods slumped 27.9 per cent. It means factories are running below capacity, businesses are not making much money, while employees cope with stagnant wages and high inflation.

55

The total number of promoter group entities in Reliance Industries. The figure has come down from 62 at the start of the current financial year. Among the 30 Sensex companies, Bajaj Auto (81) has the largest number of promoter entities followed by Jindal Steel (56).

24.5%

Corporate India's estimated net profit growth in 2012/13. It recorded a decline of 0.6 per cent in 2011/12, according to the Centre for Monitoring Indian Economy. Softening commodity prices and steady interest rates may boost growth.

Markets

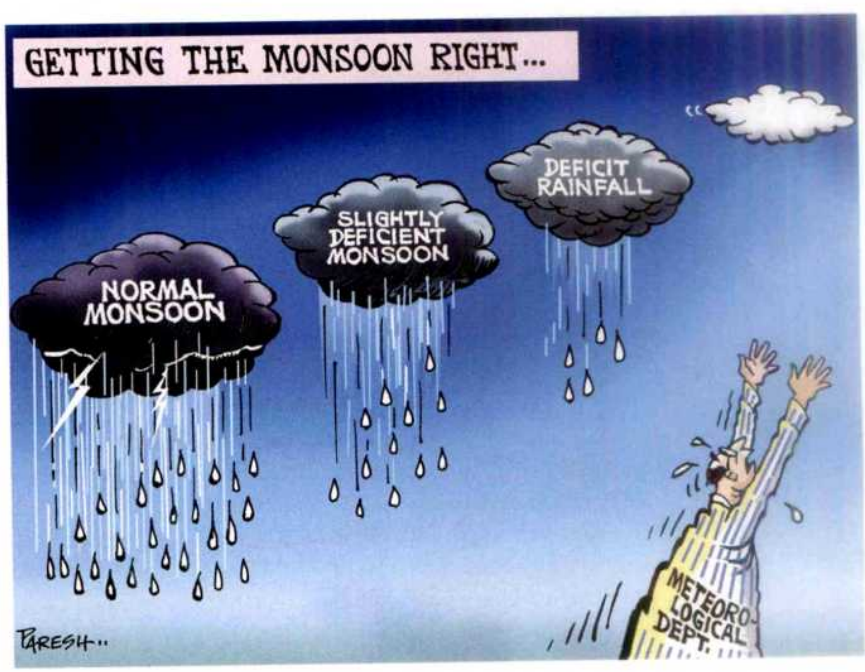
Indian stocks are on the verge of a bull run, according to **Morgan Stanley**. The US investment bank believes three conditions will be critical: a bullish sharpening of the Indian yield curve, expanding profit margins and attractive valuations. The spread between the 10-year bond yield and the 91-day treasury bill is already reversing its steep inversion and stock valuations are attractive, says the bank.

The **National Stock Exchange** has become the world's largest bourse in terms of the number of equity trades during the first six months of 2012, according to the World Federation of Exchanges. NYSE Euronext was second while Nasdaq OMX was third.

Coming Up

- Finance Minister P. Chidambaram will meet the chiefs of public sector banks and financial institutions in Delhi on August 18. The meet comes in the backdrop of rising bad loans and human resource problems confronting the banking industry. The threat of drought in several parts of the country impacting bank balance-sheets adversely in the second quarter may also be discussed.

- Air India is likely to resume most of its international operations by August 31. The state-owned carrier will also add more services to the busy Southeast Asian region by mid-August.



FOCUS

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Mirror Image

Finance Minister P. Chidambaram will push ahead with the course correction initiated by the Prime Minister. By SANJIV SHANKARAN

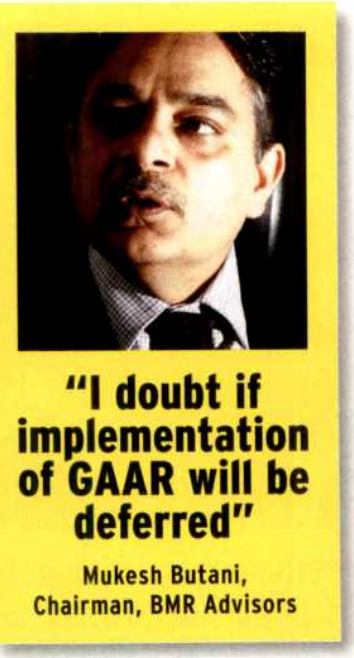
4.2%
of GDP, India's current account deficit in 2011/12, a record

The appointment of P. Chidambaram as Finance Minister has led to a surge in early morning traffic towards New Delhi's North Block, which houses his ministry. A workaholic, Chidambaram begins his day early and maintains a punishing schedule, sometimes working through weekends. Senior bureaucrats, TV crews and journalists are busy changing their work routine to match that of the new minister.

Indeed, all eyes are on Chidambaram – who has taken over the finance ministry for the third time – as he attempts to arrest the economic slowdown and revive global investor confidence in the India growth story. Above all, Chidambaram's international tax policies will be watched closely. So, will he persist with the contentious proposals of his predecessor Pranab Mukherjee or ring in a more liberal policy framework?

Far reaching changes are unlikely as Prime Minister Manmohan Singh, who held the fi-

nance portfolio as well for five weeks preceding Chidambaram's entry, had already started a process of calibrating India's international tax laws. Chidambaram, according to both bureaucrats and independent tax experts, agrees with the changes initiated by Singh. Thus he is likely to focus on ushering in a mindset change on the proposed legislation within the government rather than a significant overhaul.



"I doubt if implementation of GAAR will be deferred"

Mukesh Butani, Chairman, BMR Advisors

The stance on the proposed General Anti-Avoidance Rule (GAAR) will provide the definitive measure of Chidambaram's approach. GAAR was introduced by Mukherjee in budget 2012, and soon postponed by him for a year in the wake of opposition by both Indian and international investors.

GAAR is a mechanism that seeks to curb moves by companies to avoid taxes by exploiting loopholes in the law. It requires income tax officials to take a call on a company's motive, and has triggered apprehensions of harassment among investors. Chidambaram is likely to go ahead with it as it was he who introduced the concept in the first draft of the proposed Direct Tax Code legislation, made public in 2009 by then finance minister Pranab Mukherjee. "I doubt if implementation of GAAR will be deferred," says Mukesh Butani, Chairman of consultancy firm BMR Advisors. Butani was a part of a working group set up by Mukherjee after the budget to detail the operating manual for implementing GAAR.

However, there have been departures from the Mukherjee era's approach to international tax. The first of these came when Manmohan Singh appointed a four-member expert committee to fine-tune the GAAR proposals after the report of the working group set up earlier met with tepid response. It is headed by Parthasarathi Shome, director and chief executive of think-tank Indian Council for Research on International Economic Relations. Shome served as adviser to Chidambaram in his last stint as finance minister Significantly, the committee has three members from outside the finance ministry, and is seen as an attempt to get a wider perspective on the issue.

The key change in mindset under Chidambaram's stewardship is likely to be an acknowledgement that tax policy has to be in line with the overall macroeconomic policy. The fundamental problem in the last two years has been that tax policy has been devised without a thought to India's macroeconomic situation, say analysts.

"There are no macroeconomic links kept in mind when making these proposals," says Sudhir Kapadia, partner, Ernst & Young, referrring to last budget's tax proposals which ran counter to the policy of attracting foreign investment. Kapadia counted 22 retrospective amendments "nullifying court cases" in Budget 2012, the highest he could recollect in one budget.

The 22 amendments, which spooked foreign investors, came at a time when India's current account deficit – the excess of imports over exports – touched a record 4.2 per cent of gross domestic product in 2011/12 and resulted in a drawdown of foreign exchange reserves by $13 billion. Just when India's economic policy had to be sensitive to foreign investment, the tax policy threatened to drive investors away

Manmohan Singh responded to the situation by first setting up the committee on GAAR and then another one to address tax problems of MNCs that have set up development centres in India. Singh's media statement after the setting up of the second committee clearly set out the context in which tax policy would be framed. "India does not have a monopoly on development centres. This is a highly competitive field with other countries wanting to grab a share of the pie. There is need for clarity on their taxation," the statement said.

On August 6, Chidambaram in his first meet with the media echoed Singh. "Clarity in stated tax laws, a stable tax regime, non-adversarial tax administration, a fair mechanism for dispute resolution and an independent judiciary will provide great assurance to investors", he said. Chidamabram's first engagement with the media promised a sea change in the gloomy economic environment. However, sifting through his media statements, the message that comes through is that there are no policy U-turns ahead. In the coming days expect steady work on clearing the choked arteries of the Indian economy. ◆

Inflation Bugbear

Even if the government and RBI get their act together and fight inflation, the pain will not go away soon. By SHWETA PUNJ

On the morning of July 31, when Reserve Bank of India Governor D. Subbarao presented the first-quarter monetary policy review, the message was clear: RBI could not fight inflation alone. It also revised the inflation forecast from 6.5 to seven per cent in March 2013.

That evening, it was announced that P. Chidambaram would take over as Finance Minister. About a week into his new job, he declared that fiscal policy would work in tandem with monetary policy. He said a committee would draw up a fiscal consolidation plan. But the government's ability to take hard decisions may have been compromised by a long period of inaction.

RBI has continued to tighten monetary policy, but inflation is intractable. Headline wholesale price index inflation rose from 7.5 per cent in April to 7.6 per cent in May, and moderated to 7.3 per cent in June. Primary food inflation was in double digits in the first quarter of 2012/13. Interest rates are high. Now, drought adds urgency to the situation.

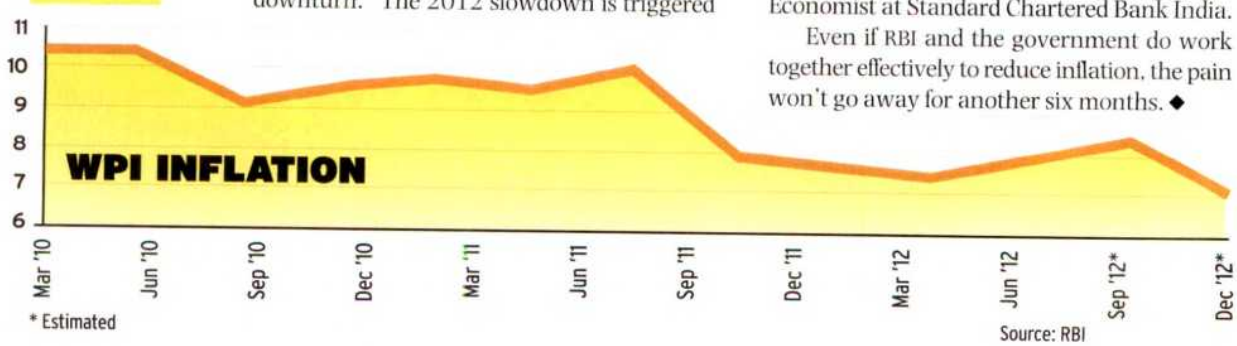
It is likely that 2012/13 will be worse than 2009, when India suffered drought and a downturn. "The 2012 slowdown is triggered by the domestic economy," says CRISIL Chief Economist D.K. Joshi. "We don't have the firepower that we had in 2009."

Effective fiscal consolidation would mean – among other things – cutting back on subsidies. In April and May 2012, food subsidies were lower but fertiliser subsidies were more than twice the previous year's level. The RBI says that if the government is serious about curbing subsidy expenditure, it should start with fuel and fertiliser. But the current economy makes it harder for the government to act aggressively. It will have to spend more on schemes such as NREGA and find ways to boost rural demand, a key driver of the economy.

In 2008/09, the economy grew 6.7 per cent and there was room to intervene. Now, with the fiscal deficit at 5.8 per cent, stimulus measures could be disastrous. Fitch recently downgraded India's credit outlook to negative, and Standard and Poor's warned of a downgrade to the junk category. Taking on more debt could be fatal for India's global standing.

"We have not pushed through expenditure reforms, so we will feel the inflation stress a lot more," says Anubhuti Sahay, Senior Economist at Standard Chartered Bank India.

Even if RBI and the government do work together effectively to reduce inflation, the pain won't go away for another six months. ◆



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Lessons from the Darkness

What India needs to do to ensure that it does not suffer another grid collapse. By ANILESH S. MAHAJAN

FOUR PRIORITIES

State electricity reforms need to gather steam

The grid needs to be more disciplined. Penalties need to be stringent

More lines needed for grid connectivity

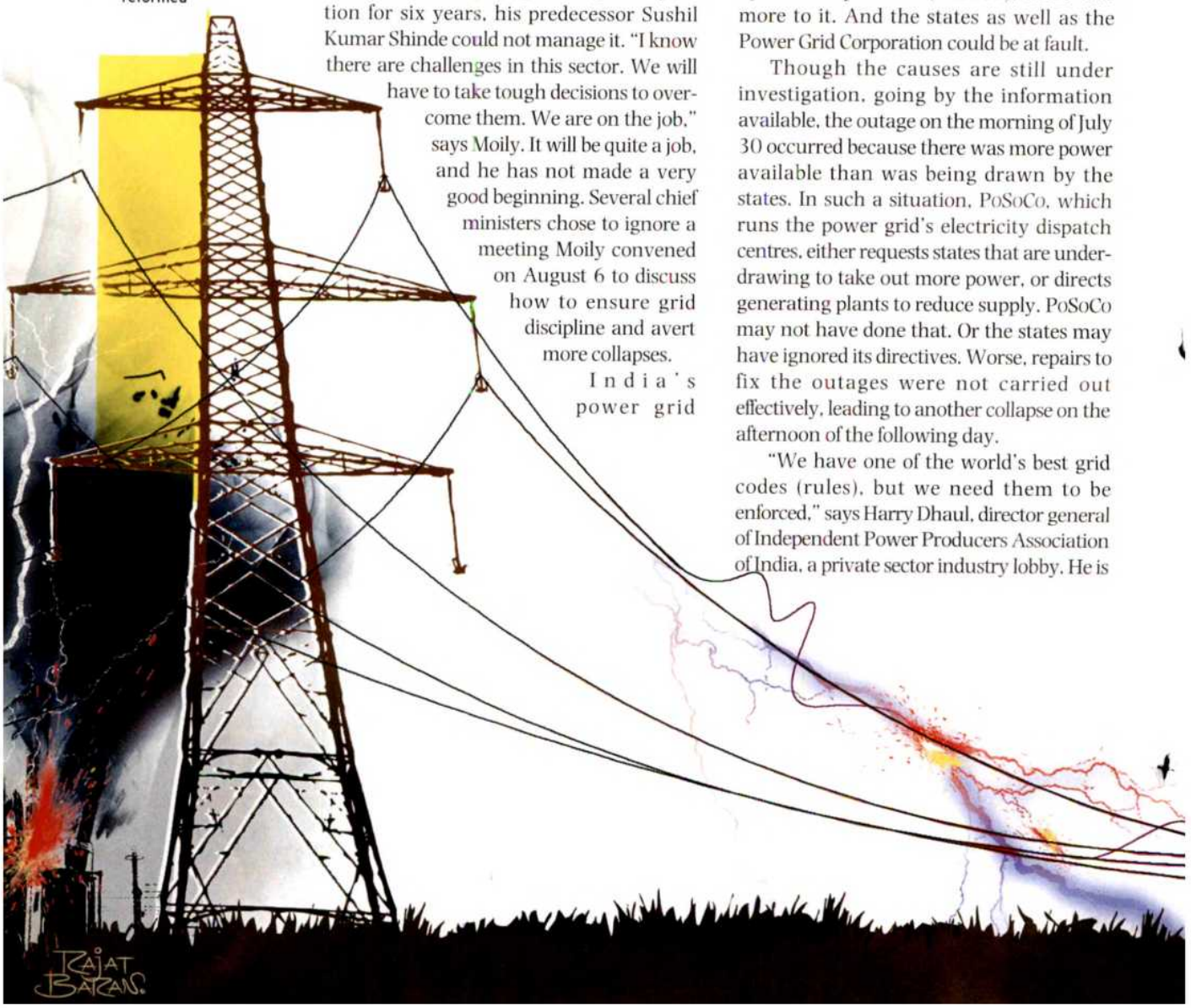
Fuel sector needs to be reformed

Power Minister M. Veerappa Moily has his job cut out. If India is not to repeat the paralysing grid collapse that occurred on the last two days of July, every single link in the chain that is India's power system will need reform. And for that to happen, Moily will have to somehow persuade the finance, coal, petroleum, and environment ministries as well as the Planning Commission to work cohesively. A tall task, even on a good day. Despite being in the position for six years, his predecessor Sushil Kumar Shinde could not manage it. "I know there are challenges in this sector. We will have to take tough decisions to overcome them. We are on the job," says Moily. It will be quite a job, and he has not made a very good beginning. Several chief ministers chose to ignore a meeting Moily convened on August 6 to discuss how to ensure grid discipline and avert more collapses.

India's power grid runs through several states. Its smooth functioning depends on states and grid operator, Power Grid Corporation, adhering to a set of dos and don'ts. The grid's collapse on two consecutive days is an example of what happens when those rules are disregarded. Shinde blamed the outages on states overdrawing power, but judging by information provided by officials from Power Grid Corporation and its subsidiary, Power System Corporation (PoSoCo), there was more to it. And the states as well as the Power Grid Corporation could be at fault.

Though the causes are still under investigation, going by the information available, the outage on the morning of July 30 occurred because there was more power available than was being drawn by the states. In such a situation, PoSoCo, which runs the power grid's electricity dispatch centres, either requests states that are underdrawing to take out more power, or directs generating plants to reduce supply. PoSoCo may not have done that. Or the states may have ignored its directives. Worse, repairs to fix the outages were not carried out effectively, leading to another collapse on the afternoon of the following day.

"We have one of the world's best grid codes (rules), but we need them to be enforced," says Harry Dhaul, director general of Independent Power Producers Association of India, a private sector industry lobby. He is



hopeful the grid collapse will push the establishment into taking some bold steps.

In March this year, the Central Electricity Regulatory Commission had directed states not to overdraw power. Further, it ordered Power Grid Corporation not to allow any excess withdrawal. However, that directive is being observed in the breach. "It is a politically sensitive issue. Imagine the repercussions if electricity supply to Uttar Pradesh is stopped for non-payment of dues," says Arbind Prasad, a former senior adviser on power in the Planning Commission.

Ensuring adherence to the grid's protocol is just one of the problems confronting Moily. His biggest challenge will be to fix things on the supply side. India has not been able to generate sufficient power because of the shortage of fuel, particularly coal. Over 66 per cent of India's power capacity is fired by the commodity. But despite having one of largest global coal reserves, India's power plants are crippled by inadequate supply. Most operate at 70-80 per cent of their maximum capacity.

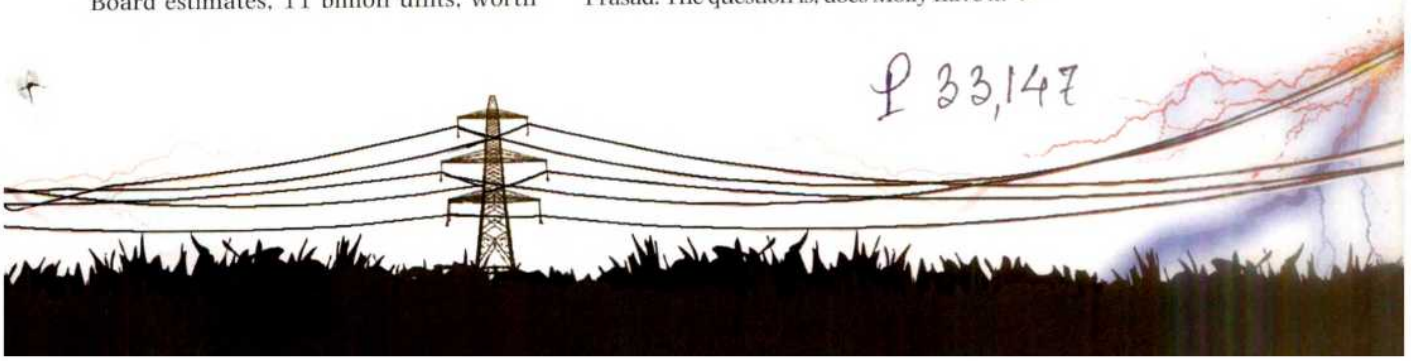
Coal production has been hampered by stringent environmental rules and the inefficiency of Coal India Ltd (CIL). The state-owned monopoly produces 81.1 per cent of India's coal, and supplies 82 of India's 86 thermal power plants. If the sector is opened to the private sector, as recommended in the Coal Reforms Bill currently being considered by a cabinet committee, the quantity and quality of production is certain to improve.

On the demand side, state electricity boards (SEBs) need to become financially stable. SEBs in seven states, including Rajasthan, Uttar Pradesh and Tamil Nadu, are on the verge of bankruptcy. In all, these states have an outstanding debt of more than ₹2 trillion (one trillion equals 100,000 crore). In part this situation has arisen because of the unwillingness of state governments to allow SEBs to pass on power costs to consumers. For instance, according to Tamil Nadu Electricity Board estimates, 11 billion units, worth ₹6,600 crore, are given as free/subsidised power annually. Until last year, all that the utility got from the government was ₹250 crore towards the subsidy (see *www.businesstoday.in/tneb*). To finance the subsidy, SEBs are forced to borrow money and this has left many with a huge debt burden.

The Planning Commission has made some recommendations to the finance ministry to deal with the debt and revive the SEBs within five years. It wants 50 per cent of the debt converted into tradable bonds that will be taken over by the state. The Commission has suggested that the rest of the debt be restructured and held by banks with state government guarantees.

Stuck: Delhi Metro came to a standstill when the Northern grid failed

States also need to lower their transmission and distribution (T&D) losses. Currently, most face T&D losses of 20 to 30 per cent, and this needs to be lowered to a more manageable 10 to 15 per cent. "It is not difficult – one just needs political will," says Prasad. The question is, does Moily have it? ◆



Keep that Seat Belt On

Jet Airways and SpiceJet have posted profits after five rough quarters, but the recovery is still fragile. By GEETANJALI SHUKLA

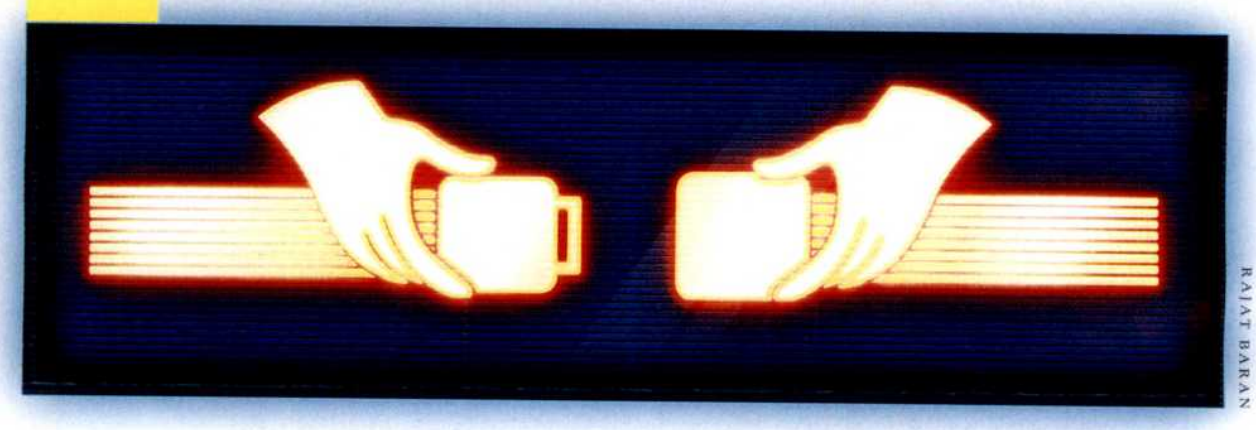
Two of the country's three listed airlines have reported a profit for the quarter that ended in June. Market leader Jet Airways reported a net profit of ₹36.5 crore, while SpiceJet reported ₹56.15 crore. There has been some excitement in the industry because of this, but there is still reason for caution.

First, the good news. An August 6 Bank of America-Merrill Lynch report on the aviation sector says the airlines' performance in the April-June quarter will help them lower losses for 2012/13 and turn profitable by 2013/14. An Angel Broking report on SpiceJet dated July 31 says the airline's plan to import fuel is likely to improve profitability. The brokerage expects the airline to report a profit this year. An HSBC Global Research Report on Jet Airways dated August 7 says the airline has turned profitable faster than anticipated. The brokerage had originally expected the airline to turn around in the October-December quarter, which is peak travel season.

Kotak Institutional Equities feels that Jet's and SpiceJet's earnings augur well for the industry, because they indicate that Indian airlines have managed to pass on to customers the increases in costs due to higher fuel prices and airport charges.

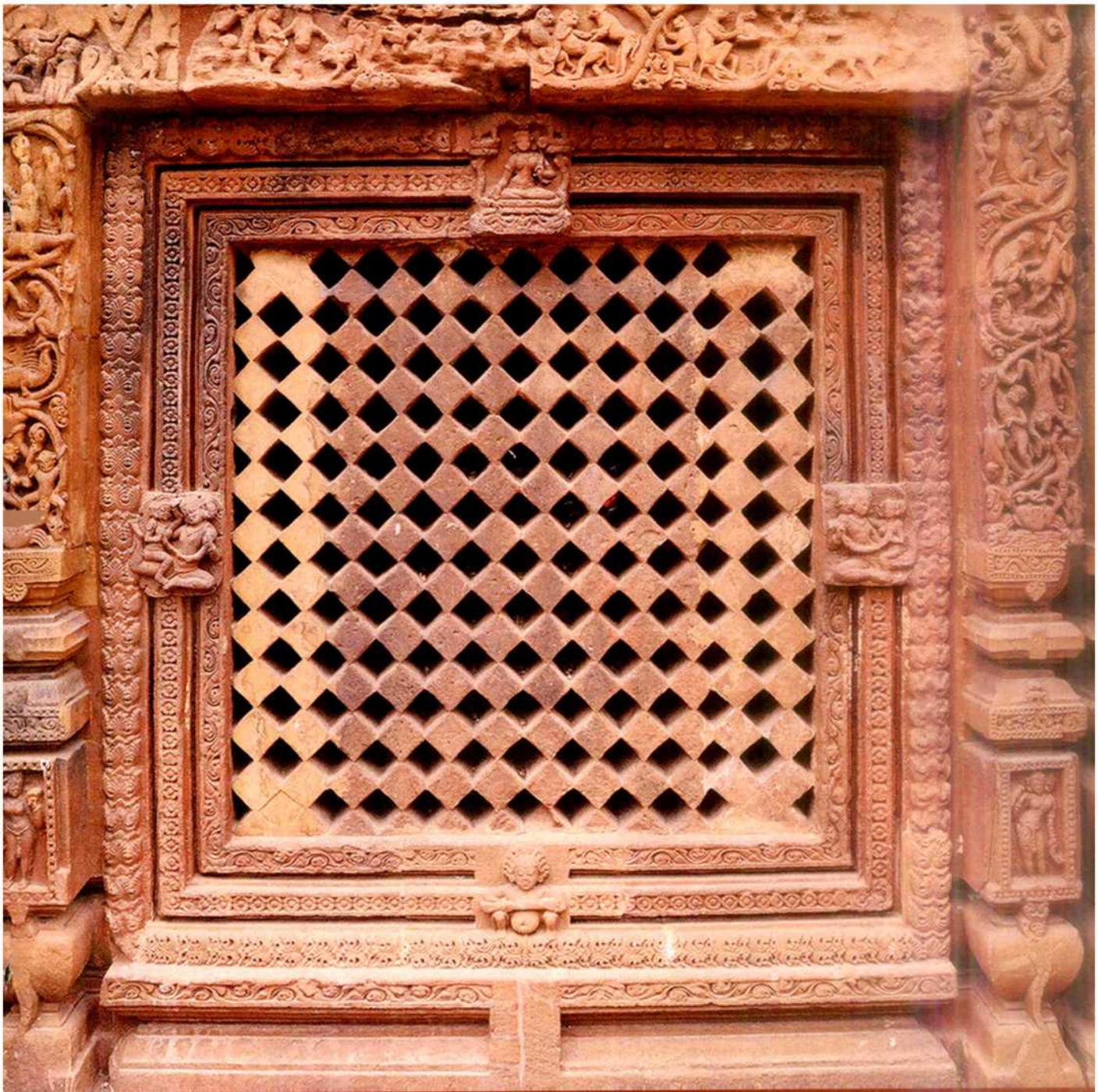
This pricing discipline is due to drastic capacity reduction by Kingfisher Airlines, minimal capacity addition by other airlines, and tightening of incremental credit to the industry. "Banks have turned wary of the sector," says Jasdeep Walia, Analyst, Kotak Institutional Equities. "So now you can't have cash losses like earlier, because if banks don't finance cash losses you'll go bust."

Industry pundits are also gung-ho because yields (passenger revenues divided by the cost incurred by the airline) have not fallen in the traditionally weak July-September quarter. Typically, yields in this quarter are five to 10 per cent below April-June levels. Higher yields indicate higher



RAJAT BARAN

EARNINGS SHOW THAT AIRLINES HAVE MANAGED TO PASS ON TO CUSTOMERS THE INCREASE IN COSTS DUE TO RISING FUEL PRICES



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STABLE YIELDS

Year	Quarter	Average fare*
2010/11	4 (Jan-Mar)	5,332
2011/12	1 (Apr-Jun)	5,969
	2 (Jul-Sep)	5,506
	3 (Oct-Dec)	6,426
	4 (Jan-Mar)	6,519
2012/13	1 (Apr-Jun)	7,417
	2 (Jul-Sep)	7,629**

* Average one-week advance fare offered by all airlines on eight selected routes
** % change over previous quarter: 2.9%
Source: Kotak Institutional Equities

passenger revenues and therefore better pricing power for airlines. Kotak's index of average one-week advance fares on eight routes shows that fares for the July-September quarter have increased 2.9 per cent over April-June levels.

And now for the not-so-good news. A close look at the results shows that Indian aviation is not as promising as it is being made out to be. Jet's and SpiceJet's profits were boosted by other income. Jet Airways reported other income of ₹130 crore for the quarter that ended in June. Of this, ₹52.3 crore was from the sale and lease back of two Boeing 737 aircraft and two engines. SpiceJet's profits were boosted by exceptional income of ₹12.9 crore received under warranty for engine repair costs incurred in 2011/12, and other income of ₹35 crore from the sale and lease back of two Boeing 737-800 aircraft. SpiceJet did not account for interest on intercorporate deposits and the impact of currency volatility on foreign currency borrowings, which would have reduced its profit.

What it all boils down to is that Indian airlines raised fares to offset costs, and were helped along by Kingfisher's slow demise and national carrier Air India's persistent woes. In 2011/12, airlines complained that Air India's low pricing was hurting their profits. Any further improvement in pricing or cost reduction – due to lower fuel prices, say, or rupee appreciation – will rapidly increase profits.

However, other structural concerns persist. Only when they are resolved will the recovery be truly sustainable. "Key policy changes – stipulating aviation turbine fuel as a declared good with a uniform four per cent sales tax across the country, allowing foreign direct investment in airlines, free use of bilateral rights by Indian carriers, and growth of Tier II and Tier III airports – would give the sector an added fillip," says Amber Dubey, Partner and head of aviation at KPMG.

The airlines themselves are cautious about the future. "The operating environment is still tough," says SpiceJet CEO Neil Mills. "There could be concerns on the rupee and fuel fronts." The Jet outlook statement after the results did not suggest concern over yields and load factors, but sounded caution on the exchange rate, fuel prices, an economic slowdown, and higher charges for the new terminal at Delhi airport.

So far, then, it is a fragile recovery, alive on hopes that there will be no shocks on the oil and rupee fronts, and that the Vijay Mallya-owned Kingfisher will not return from the brink. ◆

"THE OPERATING ENVIRONMENT IS STILL TOUGH. THERE COULD BE CONCERNS ON THE RUPEE AND FUEL FRONTS"

Neil Mills, *SpiceJet CEO*

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Eye on the City

There have been many augmented reality apps over the years, but none that works really well in India. ('Augmented reality' apps merge existing data with live pictures to provide relevant local information.) But that is set to change with the Nokia City Lens, a discovery tool based on augmented reality. Switch on this app on a Nokia Lumia or Symbian phone, configure the compass and hold the phone up to see what commercial establishments and monuments lie nearby. We tested it in Delhi's Connaught Place and the app listed restaurants, hotels, Metro stations and parks. Click on the links and they show how to get to the shops, their phone numbers and other details. The app is still in beta and can be downloaded for free.

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Nokia City Lens **Price:** Free

LG 55LM8600 **Price:** ₹2,65,000

The Next Dimension

The 55-inch LG Cinema 3D Smart TV is as close as you can get to bringing home the cinema. For this is a screen seemingly without any frames. The bezel is a hard-to-spot 1 mm strip so that all your eyes see is the picture. The interface is tile based and easy to navigate. The controls are intuitive; every time you press OK, you get the options for the page you open. However, its USP is its 3D, which is definitely the best on any idiot box at the moment. The images are always clear and, unlike in the usual 2D to 3D conversion, actually seem to reach out from the picture frame. And all this with regular polarising glasses that do not cost you much. There are many apps too, and the online content has been optimised for the extra large screen.

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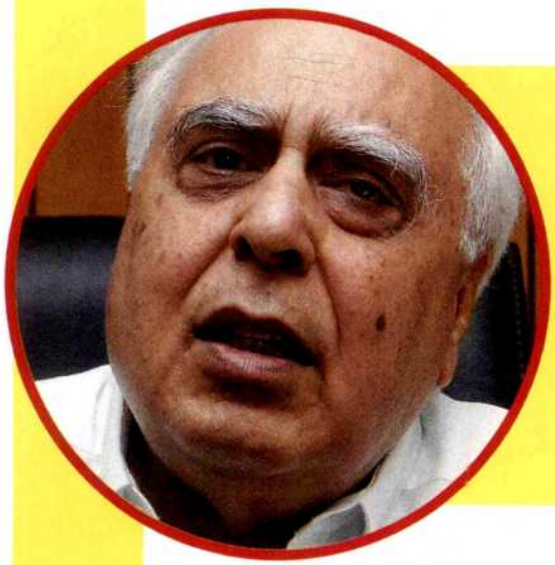
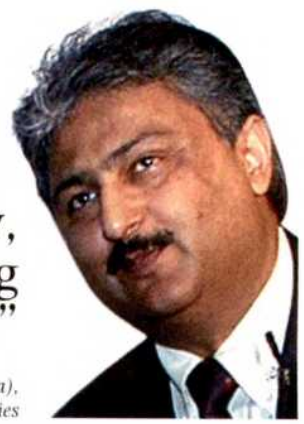
Himanshu Kapania, *Idea Cellular MD, in* Business Standard



"We want to give a signal to industry that India means business and it's a great place for investment"

Kapil Sibal, *Communications and IT Minister, on the Cabinet decision in* Mint

"This is unreasonably high and will adversely impact the health of the industry, which is already going through a bad patch"



Sanjay Kapoor, *CEO (India and South Asia), Bharti Airtel, to wire agencies*

"WE ARE CAREFULLY EXAMINING LEGAL OPTIONS REGARDING AS MANY AS FIVE KEY POLICY DECISIONS LINKED TO AIRWAVES SALE"

Rajan Mathews, *Director-General, Cellular Operators Association of India, in* The Economic Times

"The reserve price is excessively high. The Supreme Court in its 2nd February order had directed that true market price of the spectrum should be discovered through auction"

Vsevolod Rozanov, *President and CEO, Sistema Shyam TeleServices Ltd, in a statement*

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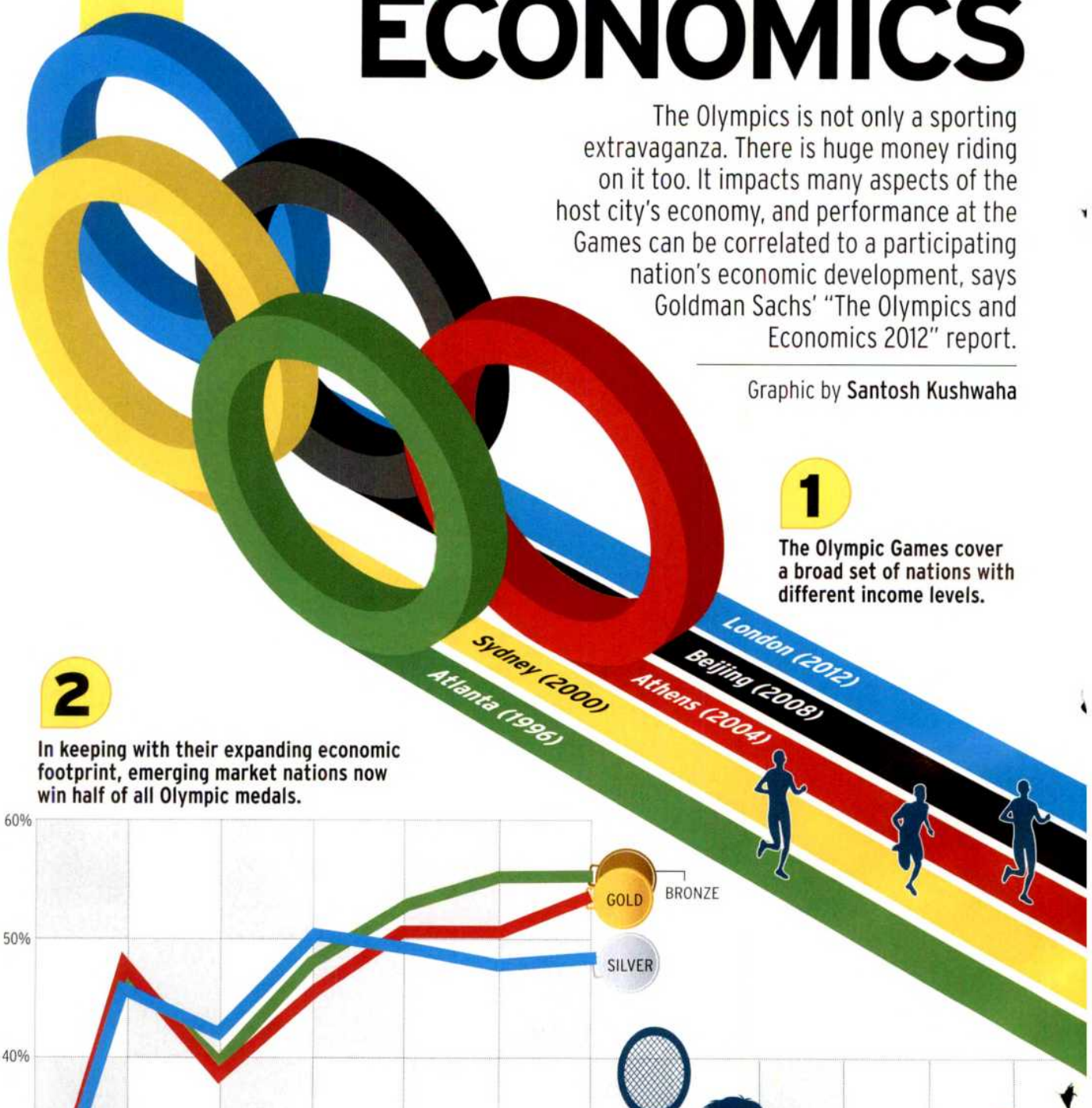
OLYMPIAN ECONOMICS

The Olympics is not only a sporting extravaganza. There is huge money riding on it too. It impacts many aspects of the host city's economy, and performance at the Games can be correlated to a participating nation's economic development, says Goldman Sachs' "The Olympics and Economics 2012" report.

Graphic by **Santosh Kushwaha**

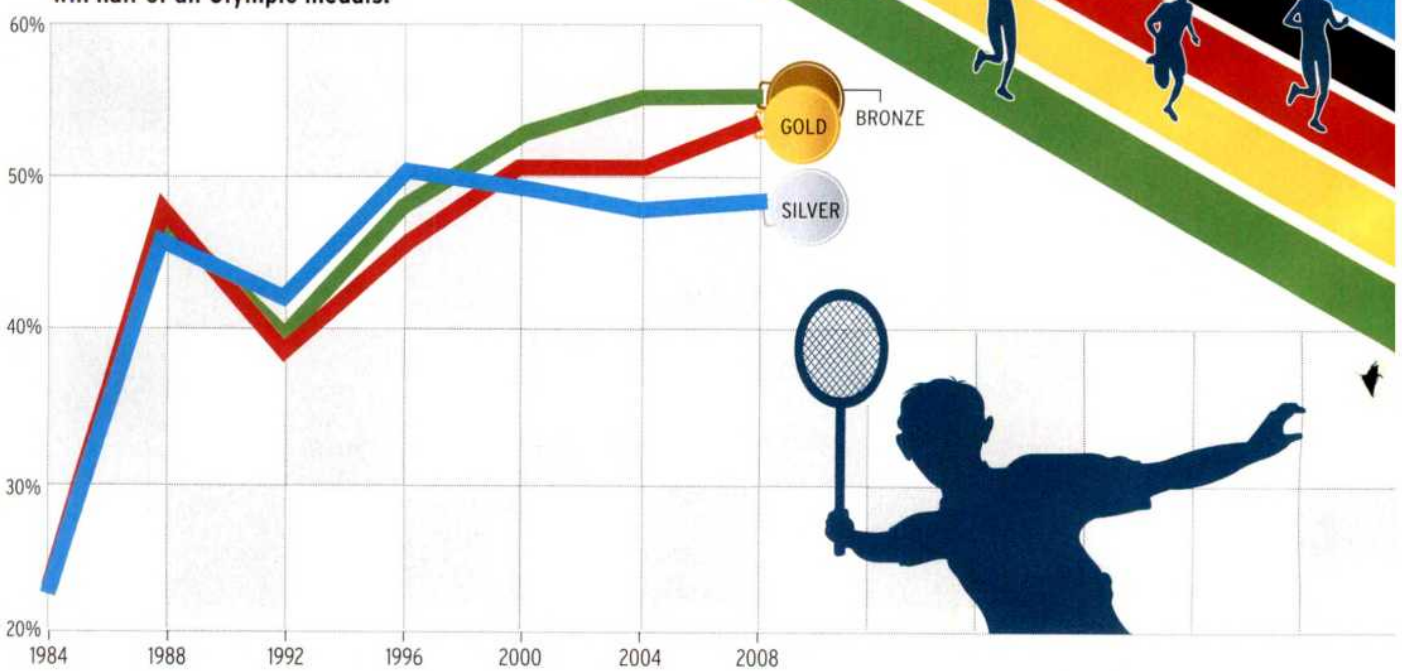
1

The Olympic Games cover a broad set of nations with different income levels.



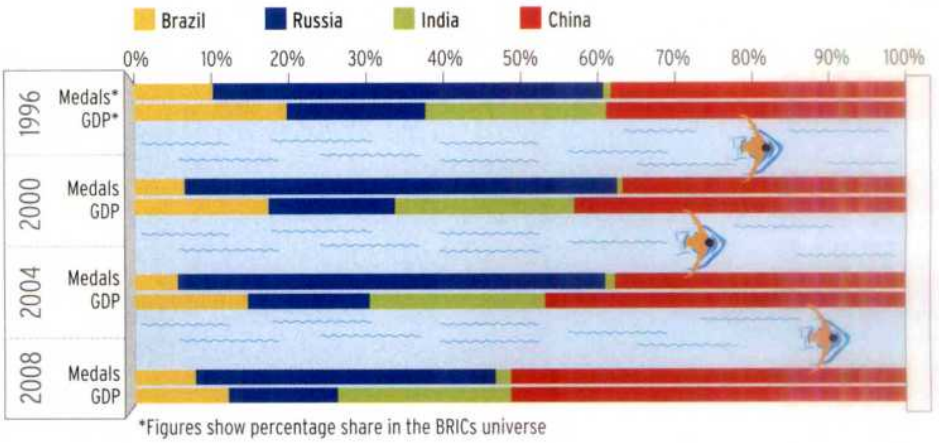
2

In keeping with their expanding economic footprint, emerging market nations now win half of all Olympic medals.



3

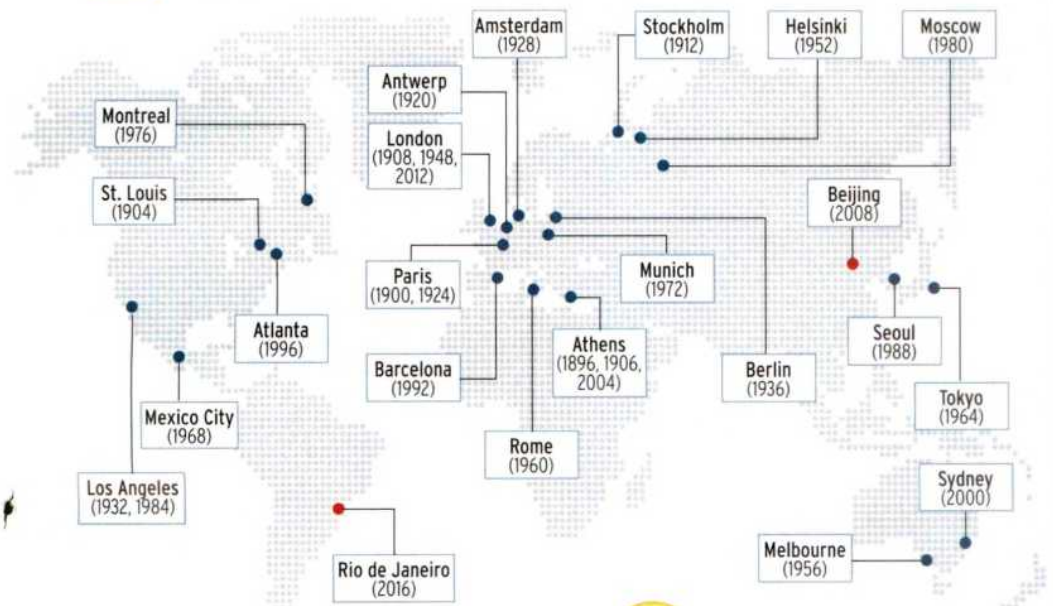
India is an exception. Despite its surging economy it fares poorly in the Olympics, in stark contrast to other BRIC nations.



*Figures show percentage share in the BRICs universe

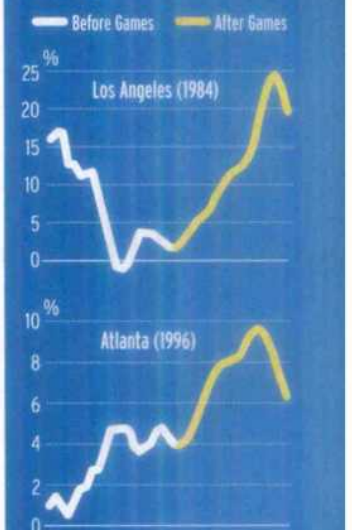
4

Olympic venues have mostly been in the developed world. But now the emerging market countries are getting opportunities to host the Games.



5

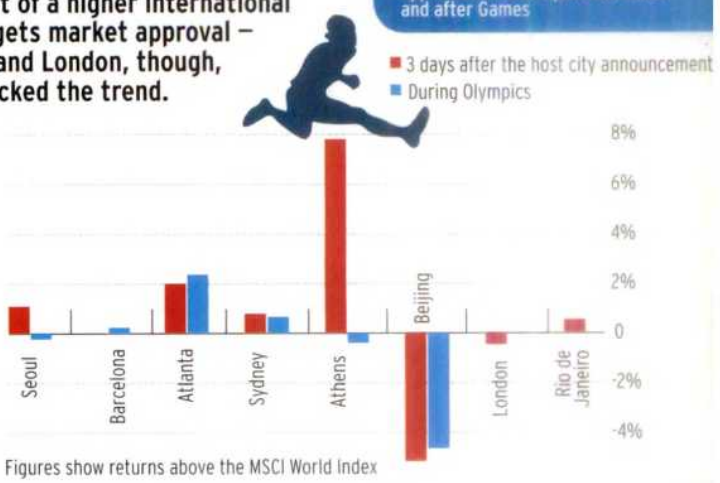
The most visible impact of the Olympics is often on the real estate prices of the host city as the examples of Los Angeles and Atlanta show.



Figures show percentage price appreciation in 20 quarters before and after Games

6

The decision to select the host country gets an immediate response from the local stock market. The prospect of a higher international profile gets market approval – Beijing and London, though, have bucked the trend.



Figures show returns above the MSCI World Index

"SYSTEMIC INEFFICIENCIES WILL KEEP INDIAN INTEREST RATES HIGH"

PIYUSH GUPTA, CEO of the Singapore-headquartered financial services group DBS, made a stopover in Mumbai recently to meet stakeholders, clients and regulators. An alumnus of St. Stephen's College and Indian Institute of Management, Ahmedabad, Gupta shared his views on leadership deficit, changing role of CEOs and other issues with **Anand Adhikari.** Edited excerpts:

On the global leadership deficit:
There is a leadership deficit in many parts of the world. It is partly because of the changing nature of leadership, which has become more complicated because of the emerging new media, especially the social media. In older days, the leadership was somewhat less transparent. Today, you are constantly under public scrutiny. The nature of social media and evolution of technology have led to a situation where you are forced to be populist.

On expectations from company boards:
After the financial crisis, the expectations of regulators have changed. They want boards to be a lot more closely involved with the running of their corporations. I think the notion that CEOs today are increasingly driven by multiple stakeholder agendas is very important. In our financial services industry, you have to make sure that you are doing the right thing for consumers and society, not just for the shareholders.

On slowing growth in India: The European situation has had some spillover impact in Asia. There is a double whammy impact on India from a sticky inflation and a falling growth rate. Fundamentally, India cannot have low interest rates. For an extended period of time, Indian interest rates will tend to be high because of inefficiencies in the system and supply side issues. India is also not a productive economy. I believe interest rates in an economy tend to reflect underlying productivity.

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Lots in a Name

The most unfortunately named town in the United States is Toad Suck in Arkansas, according to a recent poll by the website *findmypost.com*. It received the most number of votes beating rivals such as Elephant Butt in New Mexico, Climax in Georgia, Loveladies in New Jersey and Monkeys Eyebrow in Massachusetts.

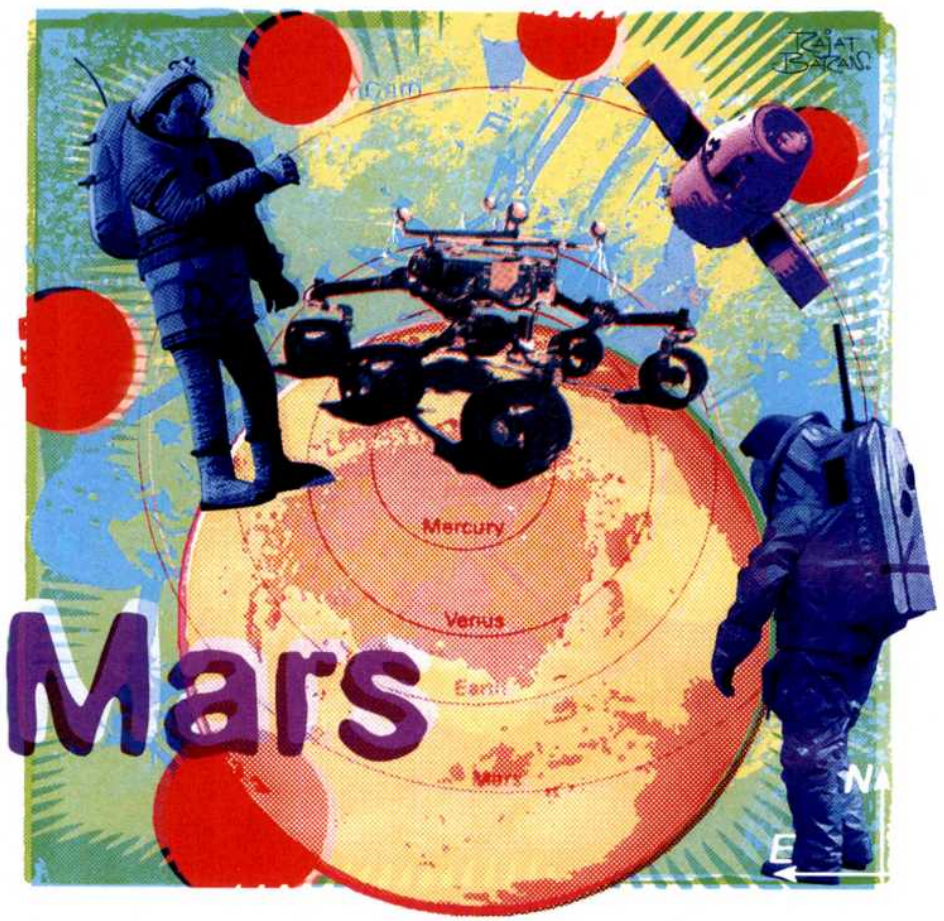
Old is Gold

A 101-year-old Rolls Royce has been dubbed the 'Best Car in the World' and is expected to fetch £550,000 (approx ₹4.7 crore) at a forthcoming auction in UK. It was delivered on April 1, 1911, to Sir Adolph Tuck, the son of millionaire Raphael Tuck who made his fortune in the postcard industry at the end of the 19th century.

Funding Apathy

At least eight projects in Rajasthan, funded by foreign agencies, some dating from 2002, have yet to be completed. Donors include the World Bank, which backed an incomplete rural livelihood project, and the Japan International Cooperation Agency which funded a water supply project and a social forestry one. With JICA likely to withhold more funding, the state government will have to chip in.

HOW THINGS WORK



Looking for Martians

The latest landing of an unmanned space vehicle on the planet Mars on August 6 was a giant step forward in space exploration. Here is why:

The event: A spacecraft called Mars Science Laboratory was launched by the US's National Aeronautics and Space Administration (NASA) from Cape Canaveral on November 26 last year. Eight months and 10 days later, the Mars landing vehicle it dispatched, named Curiosity, as large as a medium sized car, landed in a crater on the red planet. For scientists, the most crucial moments were the last seven minutes before landing, when Curiosity entered Mars's gravitational orbit.

Its significance: Curiosity is five times as heavy as the last Mars Rover and carries 10 times as many scientific instruments. It will carry out experiments over two years to find out how habitable the planet is, and study its climate and soil quality closely.

The past: Attempts to land on Mars have been made since the 1960s, largely by Russia and the US, but a surprisingly large number of them have been unsuccessful. The first successful effort was in 1973/74, the last one in 2007/08.

The future: The next Mars mission is planned for 2018.

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TAMING

It is a festering wound – one that the broadcast and advertising community strangely nurtured for well over a decade. No eyebrows were raised when the news broke in July-end that NDTV had filed a lawsuit against TAM Media Research's New York-based parent companies Nielsen and Kantar Media Research alleging widespread corruption and "wilful negligence and manipulation of the viewership data by TAM".

TAM, or Television Audience Measurement, is the common currency accepted by advertisers, media agencies and broadcasters. Advertising worth an estimated ₹12,000 crore is apportioned based on TAM's viewership data for more than 600 channels.

By shining the spotlight on the elephant in the room, the lawsuit has unleashed a volley of 'I told you so'

-325

TAM

What is holding India back from improving TV audience measurement? By SHAMNI PANDE and ANUSHA SUBRAMANIAN

tales. "There are loopholes in the TAM system, and we have known it for some time," says a leading industry source who does not want to be identified. "But people have kept quiet, as it has suited someone or the other at different points in time."

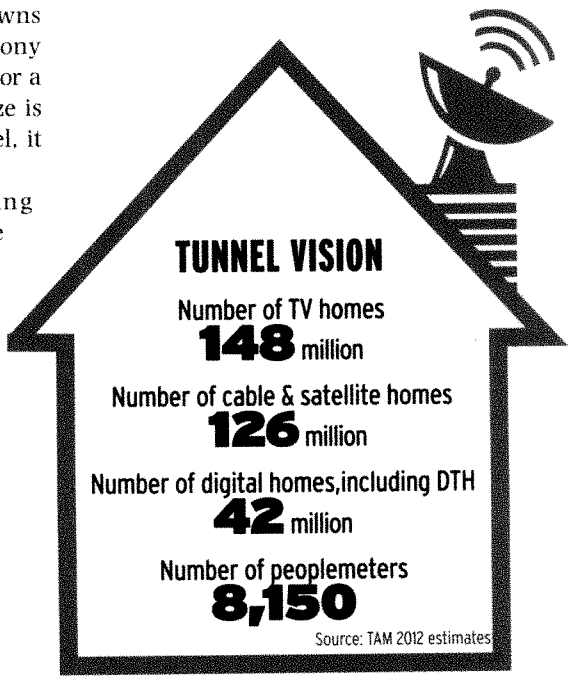
Lynn de Souza, Chairperson and CEO, Lintas Media Group, has long advocated the need for a more robust system. "I have always maintained that 8,150 peoplemeter devices are inadequate and there is not enough granularity and transparency about the homes," she says.

The issue of sample size cuts both ways, says Manjit Singh, CEO of Multi Screen Media India, which owns several channels, including Sony Television, MAX and SAB TV. "For a large channel, the sample size is small, but for smaller channel, it could be large," he says.

Jawahar Goel, Managing Director of Dish TV India, says he wrote to TAM when he was president of the Indian Broadcasting Foundation (IBF), seeking to verify the robustness of the data collection. "They are supposed to change the panel every two years, and we wanted to go to the old homes for audit, but this request was ignored," he says. Goel has another concern. "It is strange that TAM provides data for even illegal channels that are not authorised to telecast," he says.

The broadcast and advertising industries have long been aware of the aberrations and often voiced strong criticism. Zee TV was the first to air its grievances, way back in 2002, as the NDTV lawsuit notes.

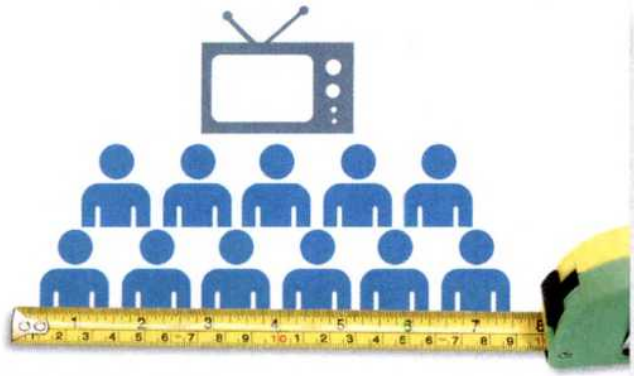
Other questions are bubbling up thick and fast: "There has been an explosion in television viewership in the past decade, and TAM gives data for 'English-speaking' homes," says Sunil Lulla, CEO of Times Television Network, which owns Times Now and ET Now. "How is that defined, and whom does it refer to?"



NDTV has built its case assiduously. In its 194-page suit, it names WPP Plc in its defendants list as the holding group of Kantar and IMRB, which have a stake in TAM India. The lawsuit says Martin Sorrell, CEO of WPP, aired his concern at a public meeting in New Delhi on August 19, 2011, about the possibility of government intervention to regulate the ratings business. Vikram Chandra, CEO of NDTV, had responded to Sorrell in the presence of at least 20 witnesses that many broadcasters would welcome government intervention, because the TAM system was broken. Chandra explained in detail how the system was tampered with and corrupted.

Sorrell had assured Chandra that he would follow up. Despite the assurance and the awareness that TAM data was seen as compromised, its publication continued, the lawsuit notes. When contacted, Chandra declined to comment, as the matter was sub judice.

TAM officials were also unavailable for comment for the same reason. In the past, TAM has been vocal about concerns such as poor funding and the lack of a collective mandate from the industry. Its ratings were accepted by an industry that was aware of its lineage and meth-



MORE PEOPLEMETERS

TAM was set up 12 years ago by the Joint Industry Body, which represented broadcasters and advertisers. TAM collects viewership data by installing devices called peoplemeters in randomly chosen homes. Data from 35,000 respondents in 8,150 homes in 165 cities and towns represents the country's viewership of 148 million homes.

The ratings – gross rating points (GRPs) for a channel, and television rating points (TRPs) for a show – indicate the percentage of the audience that actually watched the channel or show. Higher ratings mean more negotiating power for the broadcaster.

A bigger sample would be better, but also more expensive. "The community has to fund the measurement system," says Manjit Singh, CEO, Multi Screen Media India. "This is a collective failure of the industry rather than just one organisation."

Industry sources estimate TAM's turnover at over ₹50 crore. Its only revenue source is subscriptions. Many argue that the industry can spend more than the current 0.4 to 0.5 per cent of its ad revenues on research. Adding 10,000 peoplemeters entails a one-time investment of ₹150 crore. Some in the industry say the hurdle is not money but the fear that more meters may end up dislodging the channels currently at the top.

"There is nothing wrong with TAM data, but it is inadequate" Punit Goenka, Managing Director and CEO, Zee Entertainment Enterprises Ltd, had told *Business Today* in an earlier interview.

The delay in improving research reflects the lack of industry consensus that also caused JIB itself to disappear over time. The industry recently set up the Broadcast Audience Research Council (BARC), through which it aims to have an independent audience measurement system that can capture viewership across all digital platforms as audiences fragment. Modelled on the Broadcasters' Audience Research Board in the UK, BARC will not measure audiences directly but commission independent vendors. TAM would be such a vendor. BARC head Uday Shankar was unreachable despite repeated phone calls and e-mail requests.

Broadcasters say BARC will help raise research standards, but its challenge will be to cover all modes from traditional to emerging platforms. "We cannot decide on the matter till we speak with TAM," says Arvind Sharma, Chairman and CEO, Leo Burnett. "We have only heard about the issue from the media." He said it was incorrect to describe the corruption as systemic. "But clearly, the NDTV case has created a sense of urgency, and we are keen to work towards a more robust system."

odology. Many voiced concern about lack of alternatives to TAM. A highly placed source in the information and broadcasting (I&B) ministry, who does not want to be identified, says: "Just because a police *chowki* is missing, does not mean people can hand over the post to the next bunch of dacoits."

The government is hot on the trail. "Both Prasar Bharti and the I&B ministry are on to TAM's case," says a highly placed source in the ministry. "We will ensure that the matter does not die down and a logical conclusion is sought on the matter." In fact, Prasar Bharti is already seeking legal opinion on the way forward, as TAM data poorly represents Doordarshan's reach. "Our CEO and the I&B minister have both gone on record about the intention to assess the damage caused due to lack of viewership coverage in small towns and rural areas where Doordarshan and its terrestrial channels have strong presence," says Mrinal Pande, Chairperson, Prasar Bharti Board.

"The NDTV case has created a sense of urgency, and we are keen to work towards a more robust system"
Arvind Sharma, CEO, Leo Burnett

Earlier this year, a broadcasting ministry committee to review TRP measurement underscored the need for broadcasters and advertisers to invest ₹660 crore in increasing sample size. Of this, it suggested ₹330 crore be spent on 22,000 additional peoplemeters over five years, and the balance on their maintenance. ◆

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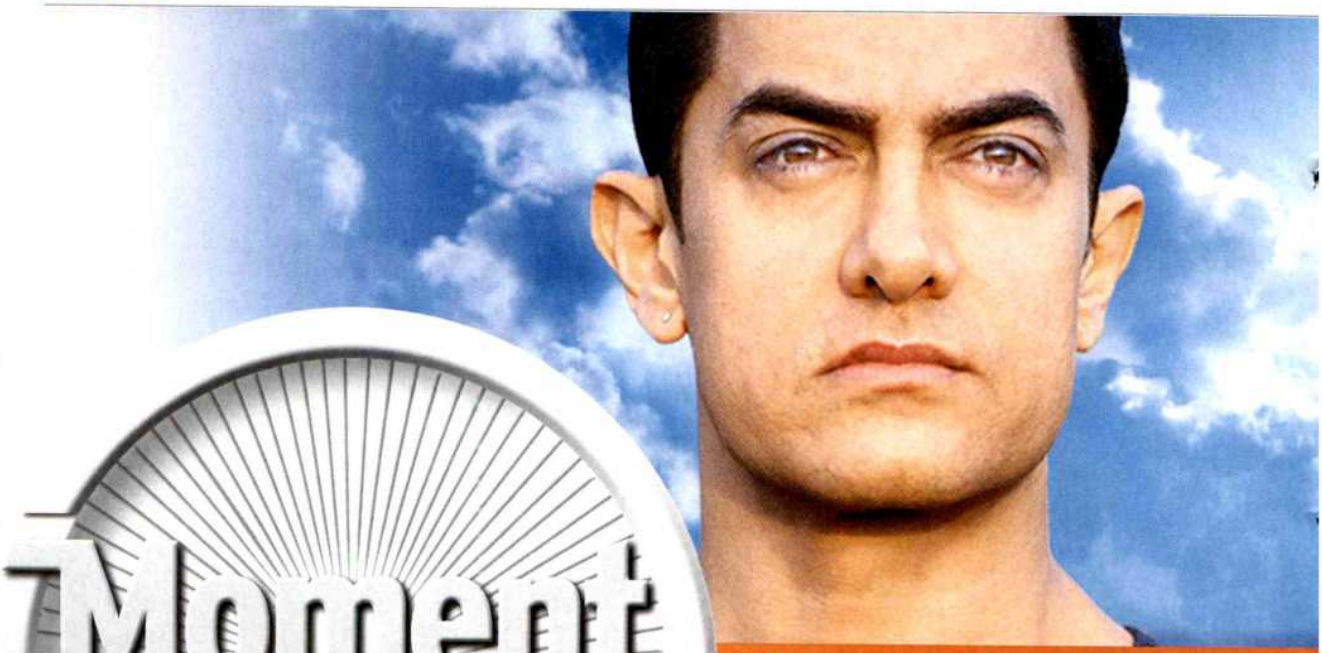

Moment of Truth

It had average ratings, but advertisers are happy with *Satyamev Jayate*.

By ANAND J. and DEARTON THOMAS HECTOR

The pessimists believed Indians had better things to do on Sunday mornings than get up close and personal with the ugly realities of paedophilia, honour killings, domestic violence and other social evils. Actor Aamir Khan tried to prove them wrong with his talk show, *Satyamev Jayate*, and succeeded to a certain extent. Along the way, he made a pile of money, as did broadcaster STAR India. But opinion is divided on whether advertisers got value for their money, given the show's high ad rates and average ratings.

STAR is said to have pre-sold around 80 per cent of the show's ad spots even before it went on air. It earned sponsorship revenues of around ₹5.3 crore per episode. Industry estimates indicate that title sponsor Airtel shelled out ₹18 crore for the series while co-sponsor Eureka Forbes (AquaGuard) paid ₹15 crore. Six associate sponsors, including Coca-Cola, Skoda Auto and Axis Bank, chipped in with another ₹6 crore to ₹7 crore each. Then there were the regular ad spots, which were sold at an average of ₹8 lakh per 10 seconds.

"TRPs (television rating points) for the show have not met expectations and have gone down in later episodes," says Sandip Biswas, Director, technology, media and telecom, Deloitte Consulting.

Apart from STAR Plus, its flagship, five other STAR channels, including regional ones, telecast the show. The sponsorship package came bundled with ad space across these channels. "It made sense for the advertisers that way," says Mona Jain, CEO of VivaKi Exchange, a media buying agency. In addition, the show aired simultaneously on public broadcaster Doordarshan (DD) and media baron Ramoji Rao's ETV channel.

"Considering the show's average ratings, advertisers would have been better off spending money on ten different programmes," says the marketing head of a lighting company, who did not want to be identified.

Satyamev Jayate, while getting decent ratings, was not a runaway success. According to industry data, the show had average television rating points (TRP) of around 3.5 for its 13 episodes. But this includes TRPs for Doordarshan and ETV. In the Hindi general entertainment genre, a TRP of 3-4 is good, say media buyers that *BT* spoke to. One TRP indicates that one per cent of the target group – in *Satyamev Jayate's* case almost all households in India – watched a programme. India has 146 million tele-

Stills from the talk show

vision households according to KPMG India Media and Entertainment Report, 2012.

TRPs are critical for a television channel as its advertising revenues depend on them. Higher TRPs allow the channel to charge advertisers more for a spot and vice versa. In *Satyamev Jayate's* case, however, with most of the ad inventory sold in advance, STAR was sitting pretty.

Uday Shankar, CEO of STAR India, believes advertisers are satisfied with the response to the programme. "Nobody has complained to us. In fact, they are already making enquiries about the next season."

Shankar has plenty of reasons to be happy. In addition to sponsorship and ad revenues, STAR had a 50-50 revenue sharing arrangement with DD. Then there was a little something from video-sharing website YouTube, which recorded 17 million views over the show's 13 episodes. All in all, STAR earned a tidy sum. But its production costs were also high – the broadcaster spent upwards of ₹6 crore per episode, including ₹3 crore paid to Khan.

The advertisers themselves are not complaining. "The programme generated good eyeballs among the relevant target group, SEC (socioeconomic classification) A and B," says Rahul Saighal, Chief Marketing Officer of Samsung India. The SEC system classifies urban Indian households into five categories, from A to E, depending on their level of affluence. With a TRP of 6.5, Satyamev Jayate did very well among people in the A and B categories – affluent, educated and urban middle-class viewers.

"Our brand is already well known among our consumers or potential consumers. This was a platform for engagement and not targeting," adds Manisha Lath Gupta, Chief Marketing Officer of Axis Bank.

Shankar asserts that the programme did well even in the C, D and E categories. Wasim Basir, Director of Integrated Marketing Communications at Coca-Cola India and South West Asia, agrees. "A programme with a consistent rating of three is supposed to permeate into the lower sections."

DD may have had a role to play in that. According to the KPMG report cited earlier, it is the sole channel in 29 million households with its terrestrial feed. That works out to about 150 million viewers. Industry figures show that the first episode garnered 11 TRPs on DD.

So, would the show have worked without Khan? Probably not. As Axis Bank's Gupta puts it: "Many people watched *Satyamev Jayate* only because of Aamir Khan. It needed a celebrity like him to work." ◆

The stand-off between the Delhi airport operator and the airports' regulator continues, despite the steep hike in the Delhi airport charges the regulator allowed in April. The operator, the Delhi International Airport (P) Ltd (DIAL) still wants the much bigger hike it had initially sought. The airlines, meanwhile, remain furious that tariffs have been raised at all.

Airlines have been protesting ever since DIAL first announced its intention to raise charges by a whopping 774 per cent. At least one foreign carrier, AirAsia, stopped using Delhi and Mumbai's airports from end-March, soon after DIAL made its proposals, citing the high costs at both airports. (*See www.businesstoday.in/airport-costs.*) With the Airports Economic Regulatory Authority of India (AERA) agreeing to a smaller, but still substantial hike of 346 per cent, a number of carriers under the banner of the Federation of Indian Airlines (FIA) have challenged the decision in the Delhi High Court. The International Air Transport Association (IATA) has said the hike was "unacceptable", with CEO Tony Tyler predicting the move would reduce passenger traffic by five to seven per cent and add more than $400 million to airlines' operating costs.

The tariffs airport operators charge can be divided into two broad categories: landing, parking and housing fees, and 'user development' charges. While the former have to be borne by the airlines, the latter can be passed on to passengers. Operators also earn from the non-aeronautical opportunities airports offer, such as by leasing space to shops. While earlier about half of DIAL's income came from non-aeronautical sources, the share is likely to fall to 30 per cent now.

AERA Chairman Yashwant Bhave justifies the increase he allowed, noting that since 2001 aeronautical charges have been increased only once – in 2009, by 10 per cent. "If we take into account the inflation rate, the costs of running the operations and the rate of return expectations, the amount we have permitted DIAL is reasonable," he says. Mumbai's airport operator has also made a similar request, seeking to raise charges by 500 per cent, but AERA has yet to decide on that.

Similarly, DIAL's promoter, the Bangalore-based GMR Group, defends the hike by pointing out that the quality of services at Delhi airport has improved significantly since the new T3 terminal came up. "Airlines have saved some ₹500 crore on account of faster turnaround time and reduced hovering in the skies while waiting for landing permission," says Sidharath Kapur, Chief Financial Officer (Airports), GMR Group. He accuses the airlines of mixed up priorities. "Aeronautical costs account for around two per cent of the total cost for airlines whereas aviation turbine fuel expenses constitute over 40 per cent of an airline's operating costs," he adds.

The price of jet fuel in Delhi jumped from ₹61,169.08 per kilolitre in mid-July to ₹65,005.59 per kilolitre by early August. "Our estimates show that the impact of the hike in

Steep Rise

Hike in tariffs for a Mumbai to Delhi flight*

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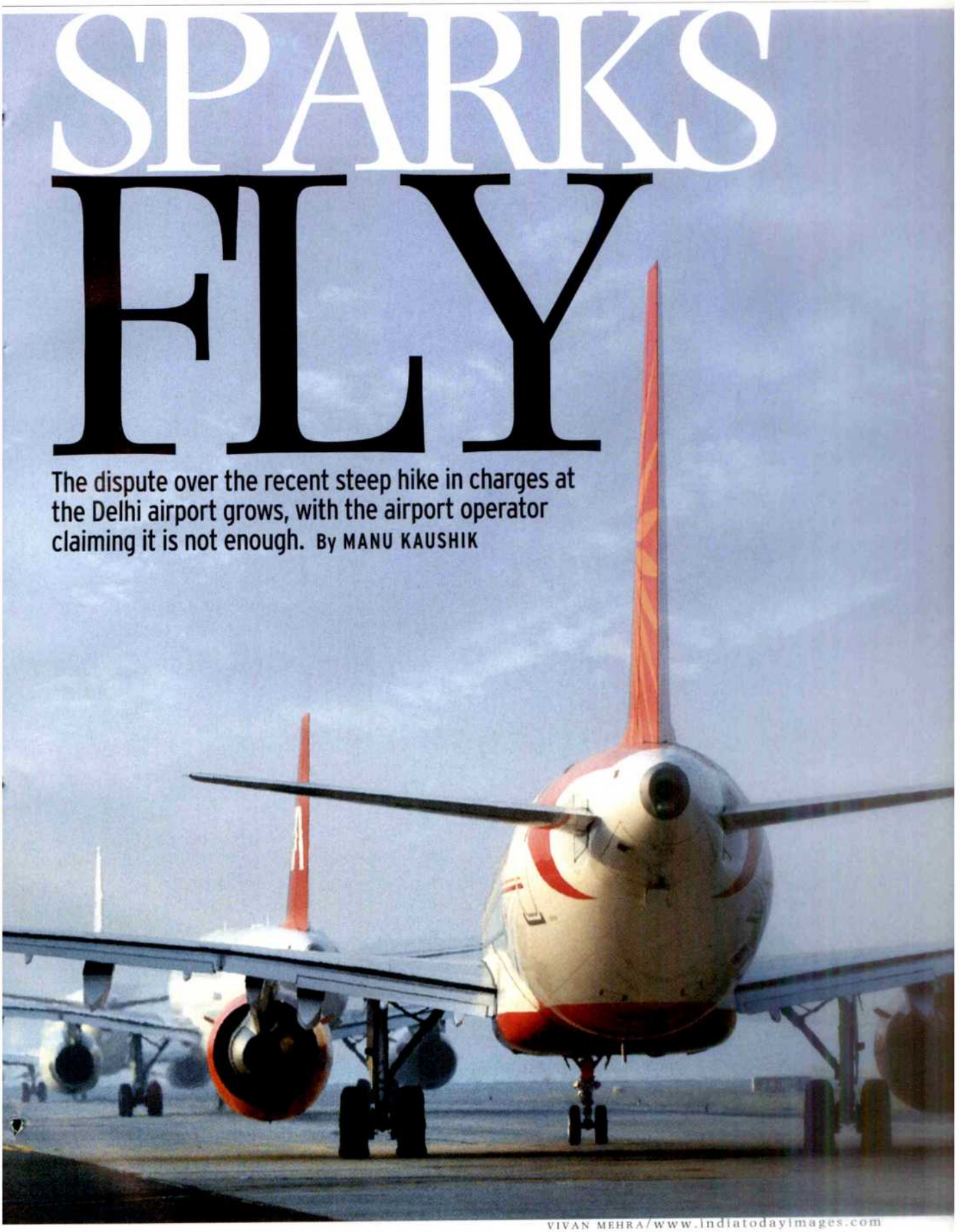
SPARKS FLY

The dispute over the recent steep hike in charges at the Delhi airport grows, with the airport operator claiming it is not enough. By MANU KAUSHIK



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WHAT DIAL SAYS

Aeronautical charges account for less than two per cent of the overall costs of airlines

Delhi's airport is not among the three most expensive airports globally, except for long-haul overseas flights

WHAT AIRLINES SAY

The hike will add more than $400 million to airlines' operating costs

The rise in charges will reduce passenger traffic by five to seven per cent

The tariff hike makes Delhi airport the most expensive in the world

WHAT THE REGULATOR SAYS

There has been no hike in aeronautical charges for the past 10 years, so an increase was needed

In the short run, passenger traffic may be affected. In the long term, it will grow around 15 per cent a year

There is a huge disconnect between what people expect from airport services, and what they are willing to pay for

aeronautical charges on airlines is around ₹40 per passenger on domestic routes and ₹300 per passenger on international routes. Given that airfares have shot up almost 80 per cent in the past six to eight months, I don't think the increase in our charges is steep," says Kapur.

Analysts tracking the sector agree that DIAL cannot be blamed for the airfare hike, which came into effect only on May 15. "The rupee's depreciation and the jet fuel price hike have contributed to the rise in airfares," says Amber Dubey, Head (Aviation) at consultancy KPMG.

DIAL, however, is not satisfied with the tariff revision AERA has permitted. It intends to approach AERA's Appellate Tribunal against the decision, and is only held back by the fact that the existing tribunal's term expired some time back and the new one is yet to be constituted. DIAL says the 346 per cent increase allowed translates into a return on equity (RoE) of 16 per cent, far lower than the 24 per cent it needs to be profitable. So far, the company has been incurring huge losses.

Experts say that returns on infrastructure projects in India vary from 12 to 25 per cent. For instance, the post-tax RoE for thermal power plants allowed by the Central Electricity Regulatory Commission is 15.5 per cent. According to a 2010 research paper by Goldman Sachs, the return on equity in India's infrastructure sector is higher than in the United States, Europe and elsewhere in Asia.

DIAL spent a total of ₹12,857 crore on modernising Delhi airport, of which the equity contribution put in by all members of the GMR-promoted consortium and the Airports Authority of India was ₹2,450 crore. "As of March 2012, we have accumulated losses of ₹1,300 crore. The RoE calculation made by AERA is inadequate to recover the losses," says Kapur.

AERA disagrees. It says DIAL could increase its revenue from other sources. It was allotted 245 acres of land at a paltry lease rent of ₹100 per acre per year for 60 years, but has so far leased out only around 45 acres. It also received ₹1,471.52 crore as interest-free security deposit to be repaid after 57 years, and earns rental income of nearly ₹90 crore per annum. "It still has around 200 acres, with a market value of some ₹20,000 crore, which can be monetised," says AERA Chairman Bhave.

AERA also notes that the government has taken a number of measures to mitigate the risk for DIAL. "We are flexible when it comes to decision-making. Our job is not to make anyone lose," says Bhave.

Indeed, the land allotment has been questioned. In May this year, the Comptroller and Auditor General of India said DIAL received undue benefits in the form of cheap land that has the potential to earn ₹1,63,557 crore over 60 years.

DIAL's Kapur sees it differently. He points out that there are restrictions on the utilisation of the land. "We already have 10 hotels coming up with a capacity of 5,000 rooms. Assuming we give most of the land to hotels, there is a limit to which the market can absorb the supply. It will take time to develop the land and returns will come only over a period of time," he says.

DIAL has also invested the security deposits it received in the project. "We could have used that money for anything, but we decided to invest it back. And now, we are denied any kind of return on that investment by AERA," says Kapur. ◆

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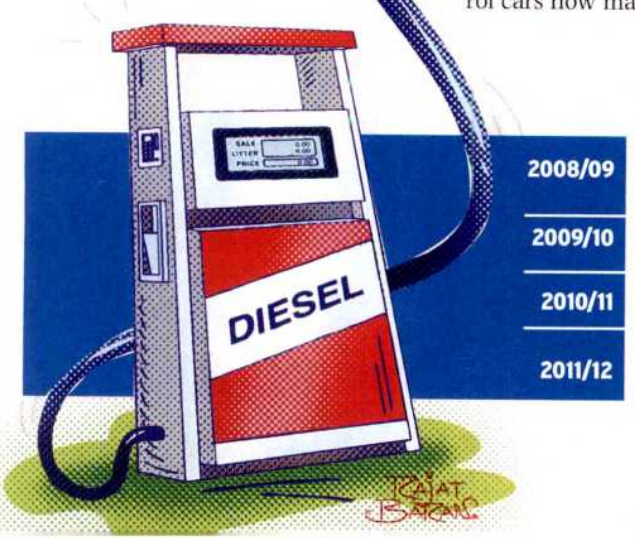
TURBOCHARGED

The demand for diesel vehicles is rapidly rising, thanks to the subsidy on diesel. How are auto makers coping? By SUNNY SEN

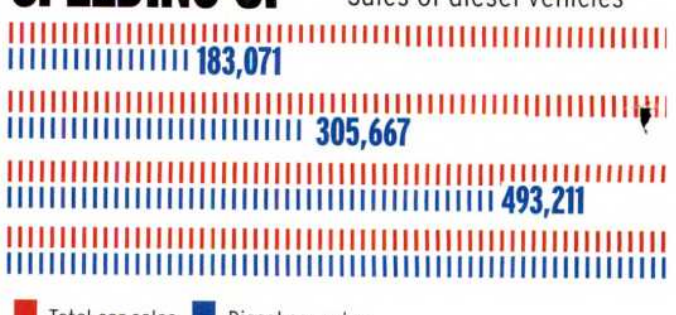
In 2007, when German car giant Volkswagen started building its India factory, at Chakan near Pune, it decided to set up a single manufacturing line that would crank out both petrol and diesel cars simultaneously. This was a time when most other auto makers were focused on petrol models and had separate production lines for vehicles running on the two fuels. The different approach Europe's largest auto maker adopted in India is paying off well today – petrol cars now make up only 20 to 30 per cent of its sales compared with more than half two years ago.

Volkswagen is not the only auto maker confronting this dramatic shift in consumer preference towards diesel vehicles. But the company was better prepared than most as, unlike some rivals, it did not have to make any major investment to adjust production capacity. "The process of 'dieselisation' did not happen overnight. It was a continuous process," says Neeraj Garg, Director of passenger cars division at Volkswagen



SPEEDING UP

Sales of diesel vehicles



Group Sales India Pvt Ltd.

India's auto market has changed rapidly in the last two years, with the share of petrol cars in total sales falling to 50 to 60 per cent from 85 per cent (see *Steep Climb* on page 50). In models with both petrol and diesel options, 70 to 75 per cent of buyers are opting for the latter. In fact, sales of diesel vehicles are rising at a fast clip even though total auto sales are muted because of a slowing economy and high interest rates (see *Speeding Up*). In the April to June quarter, total passenger vehicle sales rose 9.7 per cent from a year earlier to 660,634 units. On the other hand, sales of diesel vehicles surged 37 per cent to 264,250 units during the same period.

So what explains this growing desire for diesel automobiles? The main reason: the widening gap in the prices of petrol and diesel.

Since June 2010, when the government lifted its control over petrol pricing, oil marketing companies have increased the price of the fuel multiple times. In comparison, the price of diesel has barely changed as the government continues to subsidise the fuel that it feels has a direct impact on inflation because of its wide use in transportation and irrigation. As a result, petrol is now

285%: Cumulative growth in diesel car sales from 2008/09 to 2011/12

have risen faster than total sales

Source: *BT* Research

nearly 70 per cent costlier than diesel. And though the purchase cost of diesel models is higher, consumers do not mind shelling out the extra bucks because higher fuel efficiency of diesel vehicles makes operating expenses lower.

The changing dynamics have thrown up new challenges for the industry. While total sales are muted, the inventory of petrol cars is rising at most companies and there is not enough capacity to meet the demand for diesel vehicles. "The industry has transformed in the past two years. Every company had to rethink its strategy," says Akshay Bhalla, Managing Director of consultancy firm Protiviti.

Hyundai Motor India Ltd, for instance, is importing more diesel engines from its South Korean parent to increase its diesel vehicle capacity by 50 per cent. It became essential, given that 60 per cent of Hyundai's i20 hatchbacks and close to 80 per cent of the popular Verna sedans sold in India are diesel variants. But importing diesel engines alone was not sufficient to meet the demand. So in April, after nearly two years of deliberations, the company decided to invest ₹500 crore to set up a diesel engine factory in Chennai. "This is a sudden shift. No one anticipated the price differential (between petrol and diesel) to go up so soon," says Arvind Saxena, Director, Sales and Marketing, Hyundai Motor India. "For a manufacturer it is difficult to cope with the change."

STEEP CLIMB

The share of diesel vehicles in the auto market is rising fast

Source: *BT* Research

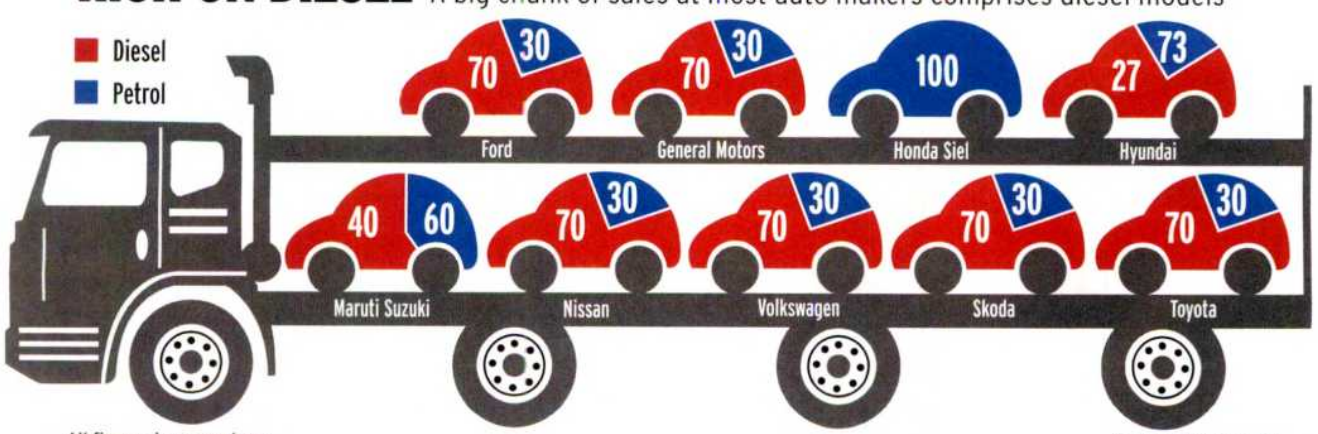
For Skoda, a Volkswagen group company which has been in India for nearly a decade, managing the shift was easier because of the synergy it derives from its parent. "We were able to react to the diesel demand quickly and managed the inventory pretty fast," says Sudhir Rao, Managing Director, Skoda Auto India Pvt Ltd. Skoda makes the Fabia hatchback and Rapid sedan at the Chakan plant where Volkswagen produces the Polo and Vento models. The diesel variant comprises more than 80 per cent of the sales of Rapid, which is built on the Vento platform.

US auto giant Ford, too, has focused on building its diesel capacity in India. It invested $12 million in increasing its annual manufacturing capacity from 260,000 to 340,000 cars, with the entire incremental capacity coming in diesel, says Michael Boneham, President and Managing Director, Ford India Pvt Ltd. Boneham had initially expected petrol cars to make up 60 per cent of Ford's sales in India, but the share is only 30 per cent now. "It is important not to make all the bets at the same time," he says.

Industry leader Maruti Suzuki is gearing up as well. The company has a huge portfolio of diesel cars, and more than half the sales of its popular Swift and Dzire models come from

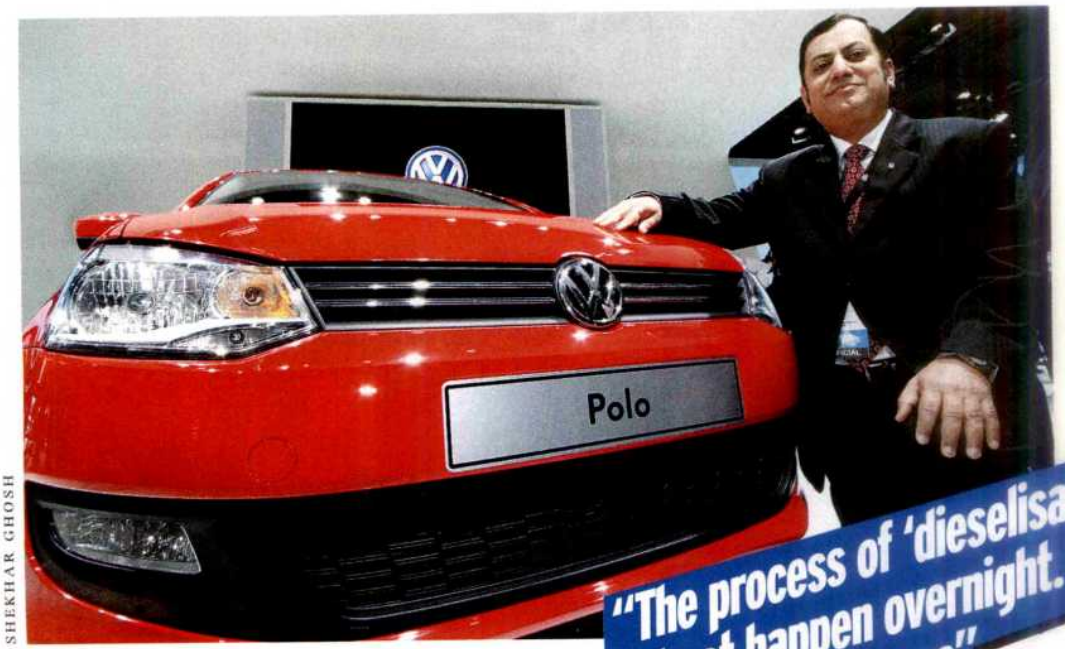
HIGH ON DIESEL

A big chunk of sales at most auto makers comprises diesel models



All figures in percentage

Source: *BT* Research



SHEKHAR GHOSH

"The process of 'dieselisation' did not happen overnight. It was a continuous process"

Neeraj Garg, Director, Passenger Cars Division, Volkswagen Group Sales India Pvt Ltd

the diesel variants. It has been facing capacity constraints with the waiting period of its diesel cars ranging from three to six months, and recently announced an investment of ₹2,600 crore to boost capacity. But the company's biggest problem is that it has only one type of diesel engine – the 1.3-litre engine it sources from Fiat – which Maruti uses in its Swift and Ritz hatchbacks, Dzire and SX4 sedans, and in multi-utility vehicle Ertiga. Moreover, Maruti does not have a single diesel variant in the entry-level hatchback segment.

The lack of a portfolio of diesel vehicles has hit Honda Siel Cars India Ltd the hardest. The local unit of Japan's Honda Motor Company dominated the mid-size sedan segment for several years with its top-selling Honda City model, but sales of the model dwindled as customers preferred Hyundai's Verna or Volkswagen's Vento, both of which offer diesel variants. In an interaction with *BT* on the sidelines of an event, Hironori Kanayama, President and CEO, Honda Siel, said the company did need diesel cars and that it was working on the problem. He declined to specify the company's strategy, but various news reports have suggested that Honda will launch a diesel car by the middle of next year.

A few companies gained too. Mahindra & Mahindra, for instance. India's top sport utility vehicle maker offers only one product with both petrol and diesel variants, the Verito sedan. Its largest-selling SUVs Scorpio and XUV500 run only on diesel. For the April to June period, M&M's sales jumped 32 per cent from a year earlier to 58,615 vehicles.

Will demand for diesel vehicles continue to outpace that for petrol-driven cars? Not necessarily. What might change the market is a proposed tax on diesel vehicles. The industry is opposing the tax that it says will make the vehicles more expensive and choke demand. Though the government unexpectedly refrained from introducing the levy in its Budget in March this year, the option is still on the table.

Another school of thought says diesel will always remain cheaper than petrol because of subsidies and its impact on agriculture. "As long as the price gap continues demand for diesel vehicles will only increase," says Abdul Majeed, partner at PricewaterhouseCoopers India. Protiviti's Bhalla points out that, if the demand trend continues, auto makers will struggle to fully utilise their installed manufacturing capacity of petrol cars. "Companies will have to look at ways of exporting petrol vehicles," he says.

One way of reviving demand for petrol vehicles is to increase their fuel efficiency, and some companies are already working in this direction, says Lowell C. Paddock, President and Managing Director, General Motors India Pvt Ltd.

Volkswagen's Garg says some companies have renewed their focus on the retail chain and are creating awareness about the affordability of petrol cars. But companies will have to balance their manufacturing operations, he says. Still, in emerging economies such as India, no one can be sure about a long-term business plan, he adds. ◆

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LANDLOCKED

Myopic policies have dealt a body blow to the Special Economic Zones in India. By SEBASTIAN P.T.

It came as a big bang policy initiative in 2006, but is quickly losing sheen. Not all is well with the country's special economic zones (SEZs). More than a quarter of the country's exports still come from them, but SEZs are grappling with a sharp slowdown in growth. The number of new SEZs too has dropped drastically in recent years. An inept, nebulous policy framework seems to have taken a toll.

The recent move by the Maharashtra government to scrap four SEZ projects only emphasises the point. The abandoned projects – planned over 1,000 to 3,000 hectares – include a multipurpose SEZ by Indiabulls Infrastucture in Raigad district; Mahindra Lifespace Developers' SEZ in Maval taluka of Pune; and two ventures by Videocon Realty & Infrastructure Ltd in Aurangabad and Pune.

The private companies simply failed to acquire the required land for these projects, a grim reminder of the not-so-distant past. In September 2008, the Maharashtra government had scrapped Reliance Industries' grand plans for the Maha Mumbai SEZ in Raigad as 22 villages opposed the land acquisition for the project.

Undoubtedly, land is a thorny issue for SEZs. The difficulty lies in getting land that is contiguous, vacant and not double-cropped. "It is impossible to get large tracts of land near cities. We gave up the Maval project as we, as a policy, do not go in for projects that the people do not want," says Arun Nanda, Non Executive Chairman of Mahindra Lifespace Developers.

"We welcome the Maharashtra government's move. What is the need for such huge tracts of land?" says social activist Medha Patkar, who labels SEZs "pervert corporate projects".

Open revolt: Villagers agitating against the land acquisition for an SEZ project in Uttar Pradesh

Patkar points out that the Maharashtra Industrial Development Corporation (MIDC) had about 80,000 acres of unutilised land – information unearthed through the Right to Information Act. "When there is so much land with the MIDC, what is the need to acquire more land?" says Bharat Patankar of Shramik Mukti Dal, an NGO.

The problem remains that many SEZs are seen as real estate scams. A recent commerce ministry discussion paper highlighted that there is a perception that many developers do not set up the proposed SEZ and continue to hold on to large parcels of land with the intention of benefiting from

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

its alternative usage and land price escalation. "SEZ has become a dirty word. Governments do not see any political returns in pushing them and companies thus do not get much political support," says Aradhna Aggarwal, economist at National Council of Applied Economic Research (NCAER).

Lack of clarity on the country's land acquisition policy, then, is a major stumbling block for SEZ projects. "A comprehensive land acquisition policy should be put in place at the earliest," says Nanda. The UPA government is examining the report of the Parliamentary Standing Committee on Rural Development on the Land Acquisition, Rehabilitation and Resettlement Bill of 2011. The panel opposes the acquisition of land by the government for private entities or even public private projects.

Rural Development Minister Jairam Ramesh though has indicated that the government should play a role. Nanda agrees. He argues that without the state's involvement it is difficult to get land even in the interiors of the country because of fragmented holdings and lack of proper records, among other factors.

However, until the government can translate its intent into an overarching framework, land acquisition will remain a contentious issue. In this context, doubts arise over the government's ability to push ahead with the proposed National Investment and Manufacturing Zones (NIMZs). Commerce Minister Anand Sharma had told *BT* earlier that he remains upbeat about NIMZs becoming a reality. According to the New Manufacturing Policy, each

"Without the state's involvement it is difficult to get land even in the interiors of the country"

Arun Nanda, Non Executive Chairman, Mahindra Lifespace Developers

NIMZ is expected to come up in 5,000 hectares or more, and acquiring the land would be the state's responsibility. It promises to be a tall order.

Already an investment of ₹2,31,159 crore has been made in SEZ projects since the SEZ Act came into force in February 2006. In the last three years, more than a quarter of the country's exports (see *The SEZ Narrative*) have come from SEZs. They also provide direct employment to over 8,15,000 persons – as of September 2011 – and about 680,000 jobs have been created since 2006. Apart from the foreign exchange earnings, SEZs have also created a significant local area impact in terms of indirect employment and changes in consumption pattern.

However, commerce ministry data shows that SEZs cumulatively have been losing ground over the past couple of years. Export growth of SEZs has slid from over 120 per cent in 2009/10 to just 15 per cent in 2011/12. At the end of 2009/10, of the 364 SEZs that had been notified (approved by the government), only 153 had become operational.

Not only has there been little interest in setting up new ones, there has been a spurt in requests for denotification of approved SEZs. For instance, of the total 46 applications for denotification, 37 have been in the past two years.

The imposition of certain levies, and a proposal to take away tax incentives, is believed to be among the key reasons for the cloud over SEZs. The government had imposed Minimum Alternative Tax (MAT) and Dividend Distribution Tax on SEZs in 2010/11, which were earlier exempted from almost all levies. The Direct Tax Code (DTC) being considered by Parliament proposes to do away with the income tax exemption given to SEZs and instead link tax sops to investments made in them. "The decision to impose MAT has made SEZs an unattractive proposition. Also, with DTC likely to remove SEZ benefits, there is further scepticism," says NCAER's Aggarwal.

The government too has conceded that the imposition of these levies has led to a visible slowdown in export growth from SEZs.

"Policy clarity is lacking," says Ramadas Kamath, Senior Vice President (Infrastructure), Infosys. The main aim of the SEZ Act of 2005 is to boost exports, create jobs, bring in new investment and improve net foreign reserves, he points out. "But the focus is lost in the many 'ifs and buts' in the Act and the rules. Also, the commerce ministry and the finance ministry speak in different languages," he says, citing the example of Instruction No. 70 issued by the Department of Commerce in November 2010 clarifying various policy and operational issues relating to IT SEZs. "It was rejected by the finance ministry. Investors don't know which way to go," says Kamath.

The commerce ministry paper on SEZs points out other flaws. For instance, a major proportion of SEZs is concentrated in six states – Andhra Pradesh, Kerala, Maharashtra, Gujarat, Karnataka and Tamil Nadu – and account for 92 per cent of total exports. Also the SEZs are located around urban centres.

Then, there also seems to be a lack of coordination between the centre and the states - the latter can evolve their SEZ policies within the broad framework laid down by the centre. Many developers complain that they get tax breaks and concessions from the centre but not from the states. "Uncertainty in tax laws and poor administration of SEZ laws will only drive away foreign investors too," says Kamath.

The Indian government is expected to come out with fresh guidelines soon to revive SEZs and it may be a timely intervention. "The brand SEZ has got hit," says Kamath. ◆

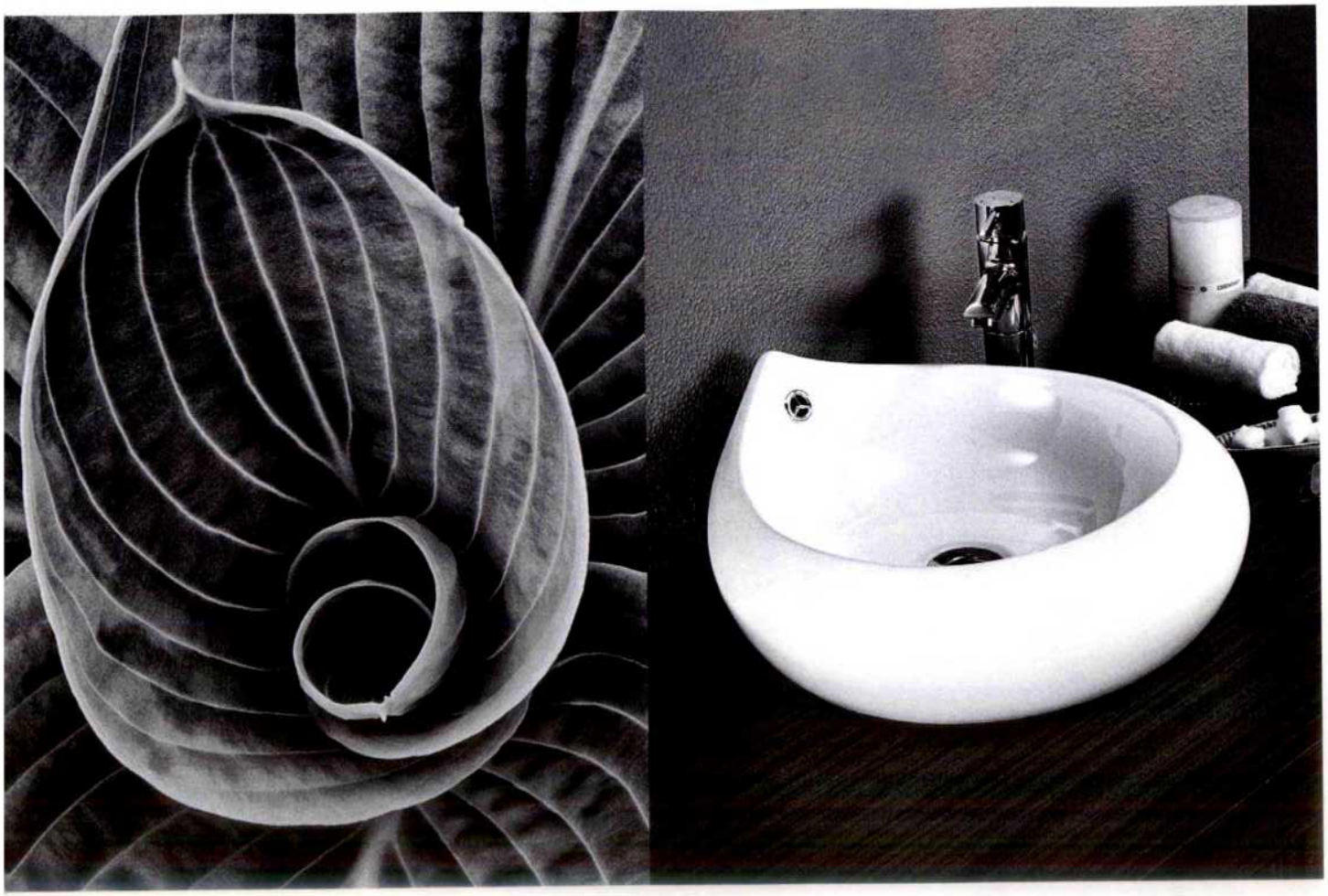
(With data inputs from Jyotindra Dubey)

The SEZ Narrative

Year	SEZ exports*	India's exports*	SEZs Share (% of total)
2006/07	**34,615**	571,779.29	**6**
2007/08	**66,638**	655,863.52	**10**
2008/09	**99,689**	840,755.06	**12**
2009/10	**220,711**	845,533.64	**26**
2010/11	**315,867**	1,142,921.92	**28**
2011/12 (Apr-Dec, 2011)	**260,972**	1,063,813.12	**25**

*Figures in ₹ crore

Source: Ministry of Commerce



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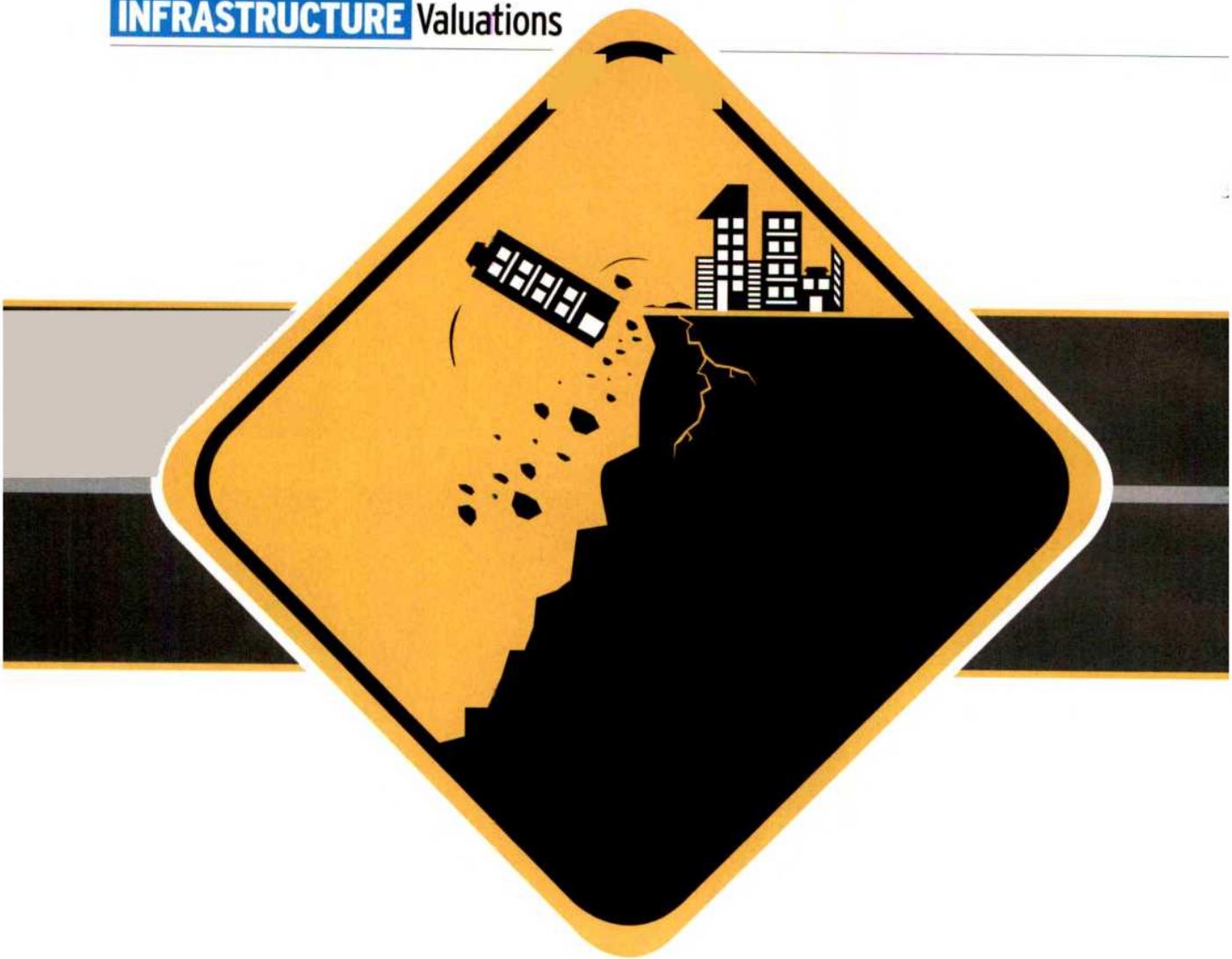


LOSING GROUND

Policy uncertainties, project delays and high cost of funds have taken a severe toll on the valuations of Indian infrastructure companies.

By E. KUMAR SHARMA

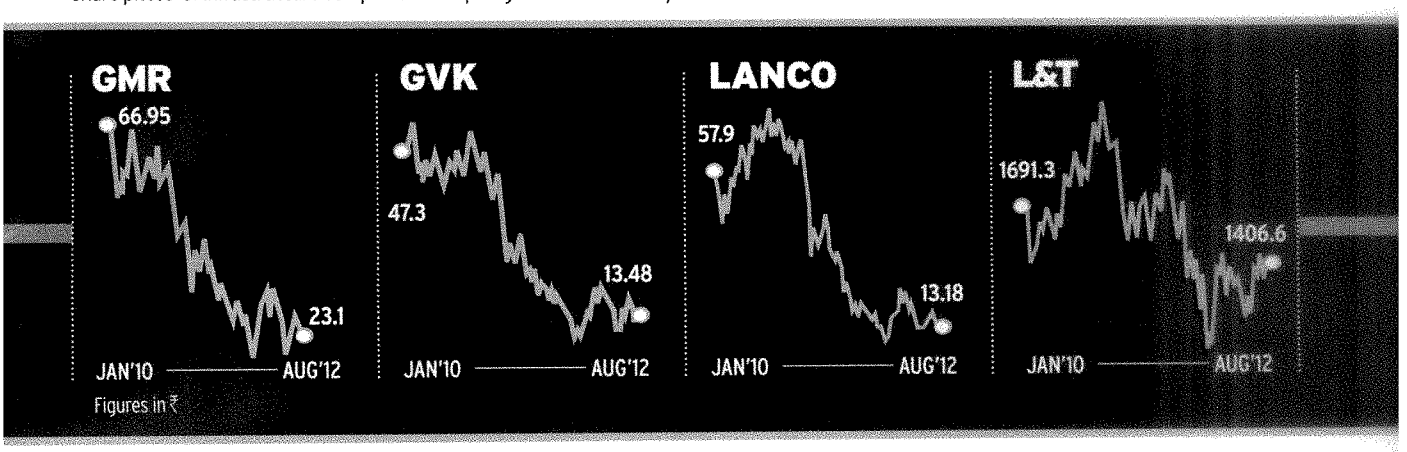
P Kodanda Rambabu, 55, has burnt his fingers in the stock market. It is the Hyderabad-based retail investor's infrastructure stocks, including bluechips such as GMR Infrastructure and GVK Power and Infrastructure Limited (GVKPIL), that have let him down.

Rambabu cites the example of Lanco Infratech – he bought 1,000 shares at ₹56.50 apiece in November 2010 and exited at a low of ₹9.5 in December 2011. "I was bullish on infrastructure stocks because of the India growth story but am now looking to cut my losses and invest in consumer goods and pharma stocks, instead," he says.

Rambabu is not a novice investor. A chief financial officer in a small construction company, he has been studying the stock market for over three decades. Indeed, most investors have been surprised by the speed and extent of the fall in infrastructure stocks (see *All Fall*

All Fall Down

Share prices of infrastructure companies have plunged in the last two years

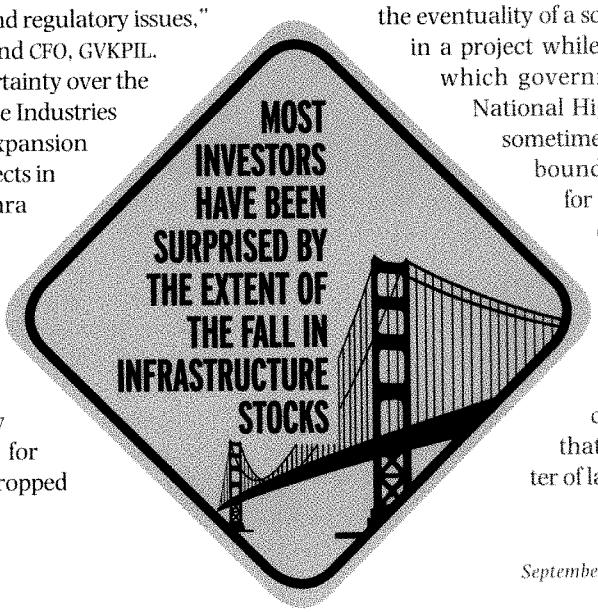


Down) over the last two years.

It is the consequence of a multiple whammy of sorts for the sector. The adversities include fuel supply shortages, an uncertain regulatory environment, high interest rates and delays in clearances of projects. "Execution slowdown is leading to revenue slowdown. Higher debt, rising cost of funds and lower profitability has meant a slowdown in the investment capital expenditure," says Nitin Arora, research analyst at Angel Broking. (See also *www.businesstoday.in/infra-economy*.)

Robust growth in the power sector is crucial for a developing economy like India. However, the industry is grappling with an acute shortage of fuel supply making fund raising for projects difficult. "Today private equity investors are seeking more clarity with respect to issues of taxation such as general anti-avoidance rules, time-bound clearances, fuel supply and regulatory issues," says Issac A. George, director and CFO, GVKPIL.

Consider GVKPIL itself. Uncertainty over the supply of natural gas by Reliance Industries Ltd (RIL) hampered capacity expansion at its two gas-based power projects in East Godavari district of Andhra Pradesh — Jegurupadu III and Gautami Power II. After placing orders with the engineering, procurement and construction (EPC) contractors and investing ₹200 crore in 2010, the company realised that RIL's gas supply for even its existing plants had dropped drastically – as a result of which they were running at 50 per cent capacity. The company, therefore, shelved its expansion plans last year which required an investment of over ₹6,500 crore.



Road projects have run into cul-de-sacs following huge delays in acquiring land and getting environmental clearances. About 80 per cent of the land for road projects has to be made available before construction begins, but that rarely happens. There are delays of six months to a year, especially when compensation to private parties is involved, point out experts. Environmental clearances can take another year. "The National Highways Authority of India has set a target for the award of projects involving 8,800 km this year (2012/13) but not much has happened so far," says Arora.

There are other concerns. Developers say that in the eventuality of a scope change – modifications in a project while it is being implemented – which government entities such as the National Highways Authority of India sometimes ask for, there is no time-bound, structured methodology for approval of the new design or the increased costs.

"As far as bidding for the road projects is concerned, one may find muted activity and less competition today when compared to the situation that existed till the fourth quarter of last year," says Arora, adding

that part of the reason could be the inability of the companies to commit more equity to projects.

Developers point out that road project delays are affecting most of the leading infrastructure companies including GVKPIL and GMR Infrastructure – one of the reasons why the share price of these companies has tumbled the last two years.

Airport projects too have been stuck because of regulatory uncertainties, government inertia and land acquisition woes. Prime Minister Manmohan Singh has promised public private partnerships for the overhaul of 10 existing airports and plans to award contracts for several greenfield projects but the government's record does not inspire confidence.

While the policy for new airports was announced in 2008, plans for many airports were drawn much earlier. Yet work is still to begin on the planned greenfield (new) projects in Navi Mumbai and Kannur in Kerala. The Navi Mumbai airport is well behind schedule due to delays in acquiring land and environmental clearances.

Several listed infrastructure companies, including GVKPIL, GMR Infrastructure and Larsen and Toubro, could bid for the airport projects.

Roadblocks Ahead

The inherent nature of the infrastructure business is crucially linked to the policy framework. Infrastructure companies are largely dependent on the government for timely execution, and long delays have a bearing on project viability given the high cost of debt. "Interest rates are currently over 14 per cent making it difficult to access debt. To remain competitive, interest rates should fall below 10 per cent," says L. Madhusudhan Rao, Executive Chairman, Lanco Infratech.

The uncertain business environment – resulting in a sharp fall in share prices – has made it difficult for companies to raise equity. "Two years ago, we could get investors into one of our business verticals at around ₹36 per share but today the holding company itself, which includes several business verticals, is valued at around ₹16 per share," says a developer on the condition of anonymity.

There is a need to improve the investment climate by speeding up land acquisitions, evolving a streamlined process for environmental clearances and ensuring fuel supply to power plants, according to analysts. "Once there is greater push to infrastructure with policy clarity and faster clearances, investors will start coming in and valuations will pick up," says A.A.V. Ranga Raju, Managing Director, NCC.

The Planning Commission has set an investment target of $1 trillion for infrastructure during the 12th Plan (2012-17) but it is unlikely to be met unless the government addresses the concerns of the sector "To lift valuations and make fund raising easy for infrastructure companies it is important that steps be taken by the government to ensure speedy implementation on some of the issues hurting the sector," says Lanco's Rao. ◆

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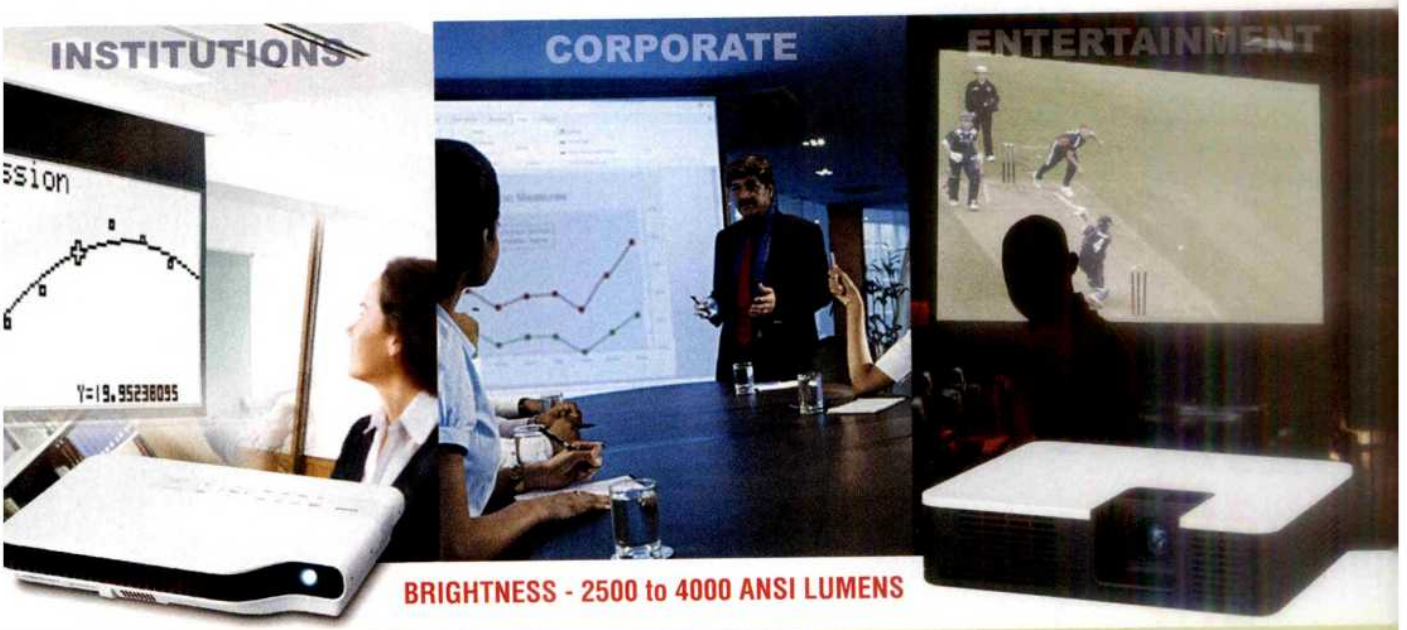
ENVIRONMENT	No Mercury Lamp
TIME	Quick startup & shut down



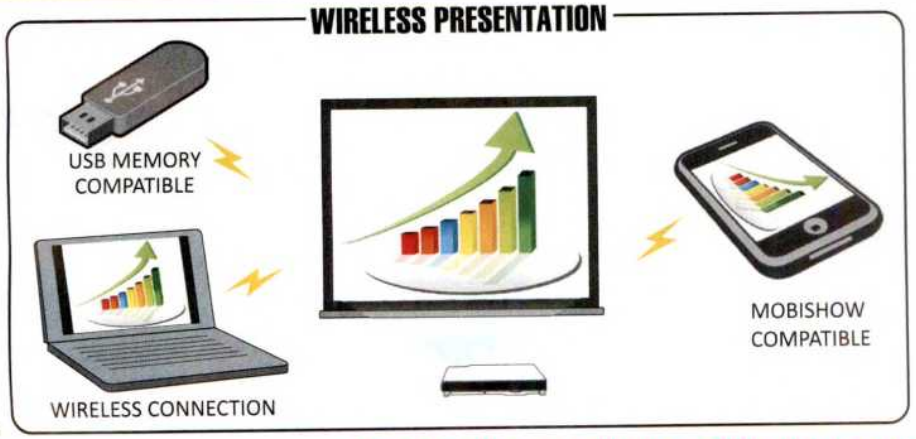
BRIGHTNESS - 2500 to 4000 ANSI LUMENS

SAVE UPTO ₹ 1 LAKH# IN 20,000 HOURS OF OPERATION*

Laser LED Hybrid light source with approx. 20,000 hours life saving on Cost of approx. 6 lamps* change	Laser & LED Hybrid light source save upto 30% of Electricity
Intelligent brightness control save upto 50% of power consumption	Quick startup(5-8 sec) & shut down time save energy & time.

*In comparison to Casio mercury lamp Projectors
Saving based on cost saving parameters mentioned here.

WIRELESS PRESENTATION



OTHER ADVANCED FEATURES

- DLP 3D projection function
- Interactive pointing function
- Intelligent brightness control
- Automatic vertical keystone correction
- Built-in speaker (1W to 10W)**
- Wide-angle zoom lens(1.2X to 2X)**
- HDMI terminal in all models

**Vary from model to model

WIDE RANGE OF PROJECTORS AVAILABLE IN:

SLIM (5 models), STANDARD (8 models), SHORT-THROW (2 models) & PRO SERIES (6 models)

WARRANTY

Main projector Unit - 3 years from the date of purchase
Light Source Unit - 3 years or 6,000 hours, whichever comes first from the date of purchase

CASIO INDIA CO., PVT. LTD., New Delhi; Ph.: 011-66999200.
For corporate enquiries contact : greenprojectors@casioindiacompany.com | Website : www.casio.co.in
Branch Offices: Mumbai: 022-60605005; Bangalore: 080-60605005; Chennai: 044-60605005; Hyderabad: 040-60605005; Kolkata: 033-60605005.

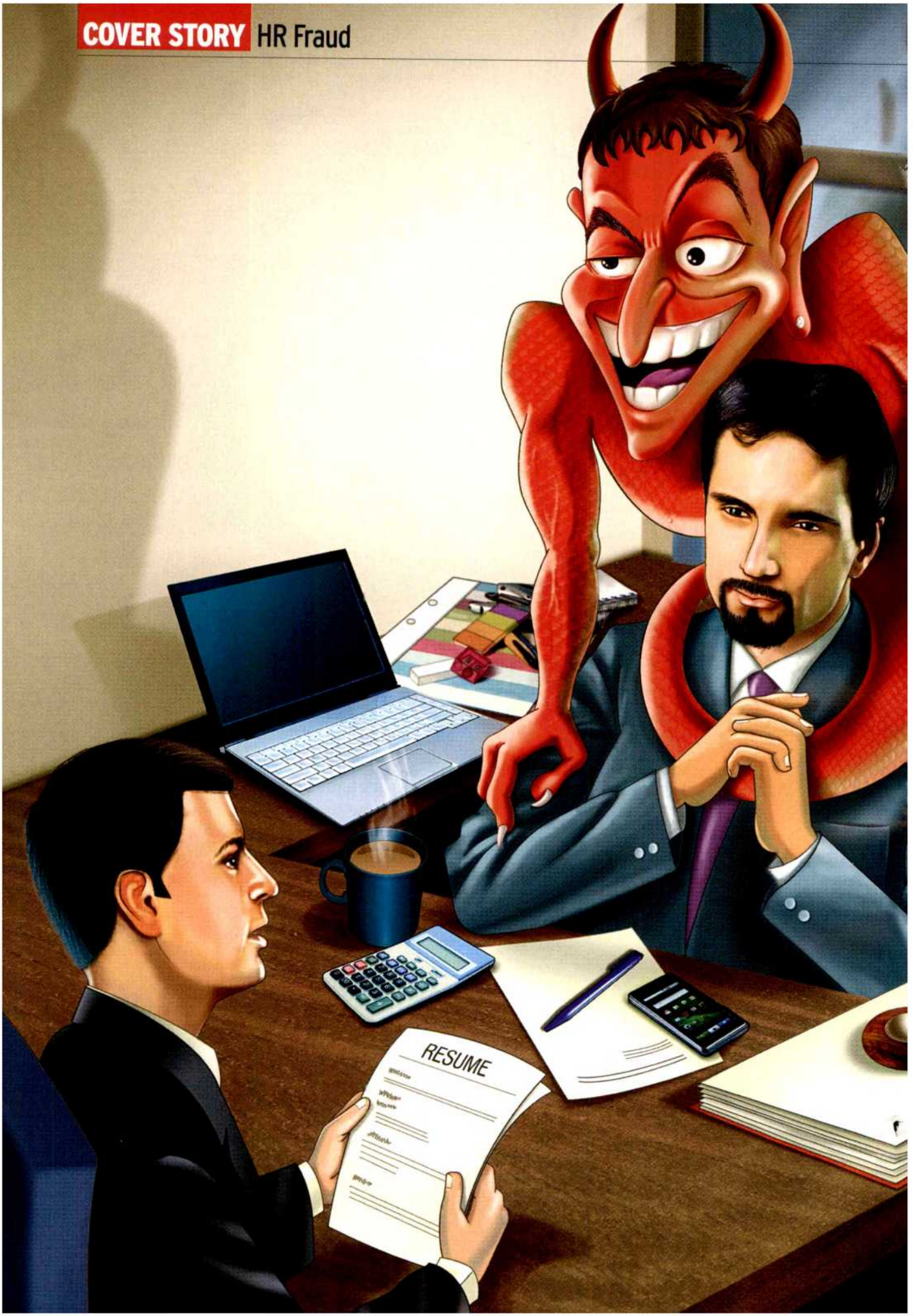

RESUME

ILLUSTRATION BY SANTOSH

HIRING SLEAZE

How corrupt recruiters are cheating jobseekers, colleges and IT companies.

By GOUTAM DAS and E. KUMAR SHARMA

The hide and seek with Neeraj Garg would be comical, if it were not so tragic.

He comes well-recommended on LinkedIn, the professional networking website, which has 214 others bearing the same name. But the one we seek is hiding behind his old identity of a placement and training executive with Computer Sciences Corporation (CSC).

C.B. Prusty, Avneet S. and Vivek Singh, all former colleagues of Garg's at CSC, once described him as "hardworking and knowledgeable", "one of the few resources the organisation is proud to have", and "a thorough professional and a wonderful human being".

They no longer want to talk about him, and qualify their recommendations by saying they were true at the time they were made, in 2008 and 2009.

One of Garg's friends, approached by *BT*, promised to organise a chat with him. Within moments Garg had checked out the *BT* correspondent's profile on LinkedIn. However, he did not accept a 'friend' request, did not call, and nor did he get in touch in any other way.

Chances are, he wouldn't. In October last year, CSC, a multinational corporation that employs 24,000 in India, forced Garg to resign. The story goes that he was caught negotiating a bribe from a college. Six people with knowledge of the incident accuse Garg of also engaging middlemen to conduct campus recruitment drives, in violation of company policy.

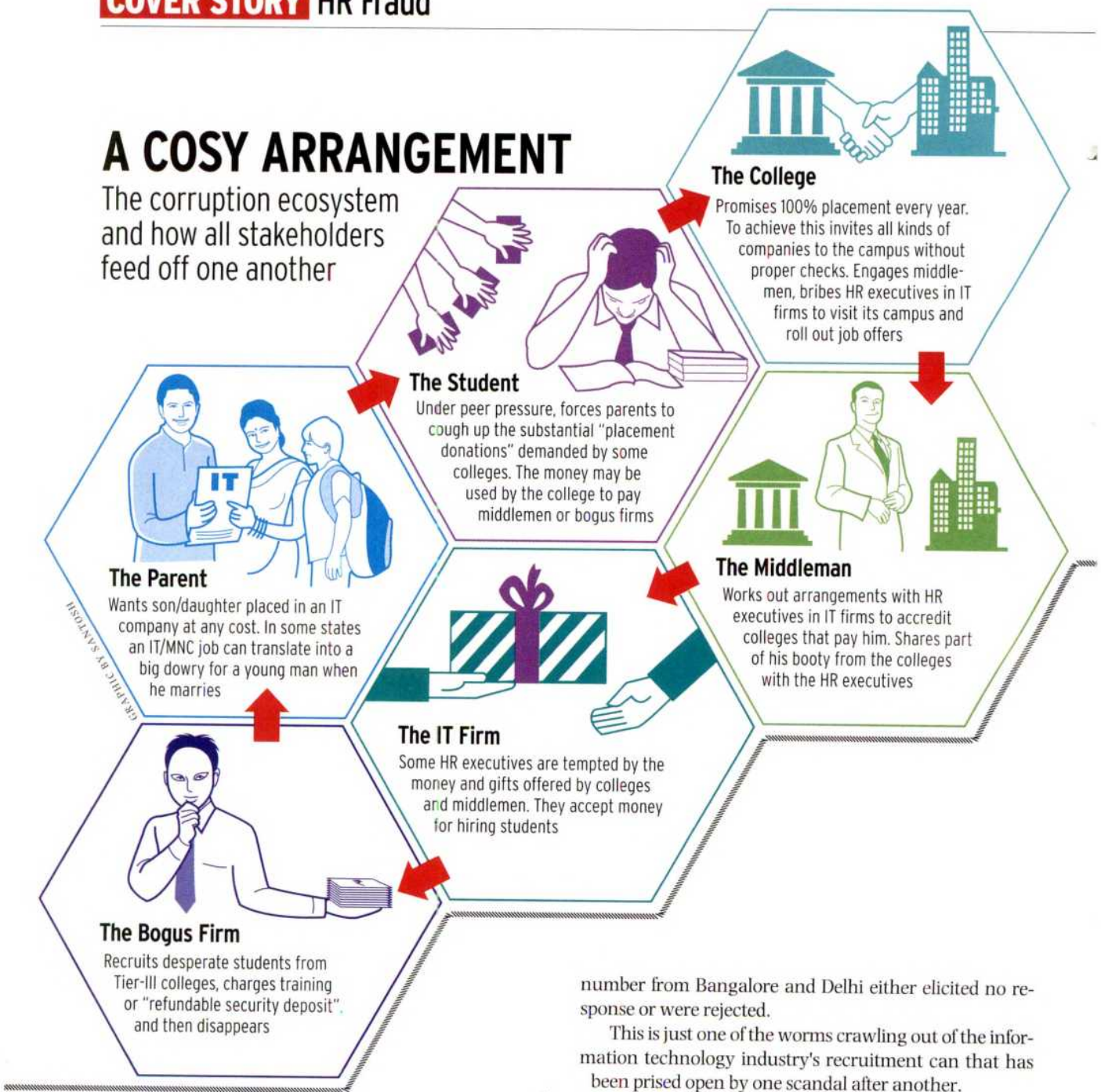
"A hidden camera was used to pin him down," says a former CSC employee. Ernst & Young (E&Y), he says, has been engaged by CSC to investigate the matter.

CSC refuses to comment on former employees. "In this particular case, we can tell you that the individual concerned in your query is not employed with us anymore," says an e-mail from Neelam Gill Malhotra, Vice President of Human Resources (HR).

E&Y would not confirm its role in the CSC investigation, citing client confidentiality.

A COSY ARRANGEMENT

The corruption ecosystem and how all stakeholders feed off one another



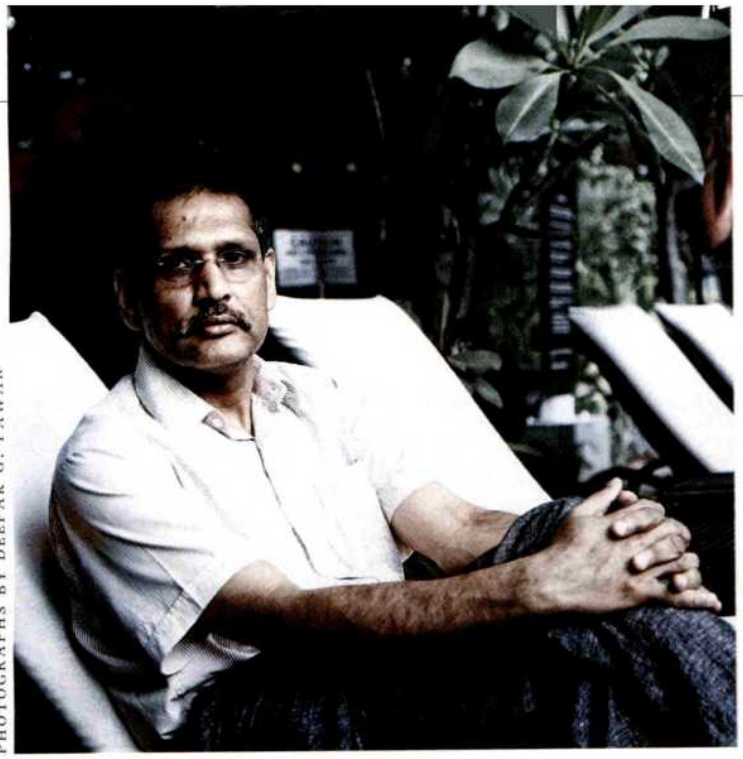
However, Arpinder Singh, Partner and National Director of Fraud Investigation and Dispute Services, says he has investigated eight to nine cases of recruitment-related corruption at different companies in the country in the last two years.

Amid all this, Garg's side of the story is lost. He did not respond to two e-mails sent to his Yahoo! address. The mobile phone connection he used while at CSC was taken away by the company. It has been impossible to get through to his current number, given to *BT* by the head of a fledgling university, which Garg ostensibly visited after leaving CSC to solicit business. Numerous calls to this number from Bangalore and Delhi either elicited no response or were rejected.

This is just one of the worms crawling out of the information technology industry's recruitment can that has been prised open by one scandal after another.

Vijayawada in Andhra Pradesh, where engineering colleges compete with mango orchards for dominating the landscape, still has echoes of a story about a high-flying recruiter from Wipro Technologies: Russell Purushothaman. Placement officers in Nunna village, a half-an-hour drive from the city and home to no less than five engineering colleges, drop their voices to a whisper when you mention Purushothaman.

A few years ago, Purushothaman was quite the messiah. Newspaper archives have him hiring more students than any other recruiter and offering higher salaries, until he suddenly vanished in a haze of rumour.



PHOTOGRAPHS BY DEEPAK G. PAWAR

"After being unsuccessful in reaching out to Wipro directly in spite of all efforts, I had to explore the middleman route. Somebody told me we had to go through a consultant"

Mukti Mishra, *Co-founder, Centurion University of Technology and Management*

According to a former colleague, he was "street-smart – the kind you would expect in sales". Here, however, he allegedly sold jobs, charging up to ₹7.5 lakh to visit a college and ₹50,000 for each offer letter.

His game was up when a colleague blew the whistle after he saw a newspaper advertisement put out by a college. It had photos of students selected by Wipro. One of those was a girl whom the whistle-blower had rejected. As more skeletons tumbled out, the bosses at Wipro summoned Purushothaman to Bangalore and interrogated him for six hours before agreeing on a not-so-graceful exit. For good measure, the company filed a case of cheating at the Madhapur police station in Hyderabad. The matter is sub judice.

Police officers confirm that Wipro has indeed filed the case against Purushothaman, though nobody wants to be "dragged into the matter". One of the officers merely read out some details from the report filed with the Madhapur station and gave the FIR number, which corresponds to the case number given by officials in the court of the IX Metropolitan Magistrate, Cyberabad, where the case has been filed. Court officials initially agreed to give *BT* a certified copy of the case documents if an application was made through a lawyer, but later grew cold feet.

Purushothaman is harder to trace than Garg. LinkedIn shows him as working with an information technology company called Datamatics Consultants Inc – Asia. This company has no website or contact number. Its logo, just like its name, resembles that of Mumbai-based publicly-listed company Datamatics. A spokesperson for Datamatics says it has nothing to do with Datamatics Consultants Inc – Asia.

Wipro is being coy. When *BT* broached the subject in an e-mail, Subhashini Pattabhiraman, part of the company's media relations team, responded with details of the measures taken to avoid recruitment fraud, efforts to create public awareness, and strategy to prevent other possible areas of HR corruption. Not one of the 603 words in the document reads either Russell or Purushothaman.

When *BT* persisted, and sent another e-mail to Vipin Nair, head of communications, all it elicited was "no comments" and "regards".

Incidentally, the case was called in the court of the IX Metropolitan Magistrate on August 9, the day this article was finalised, and posted for hearing on October 8 this year.

Typically, the colleges that succumb to the charms of dodgy recruiters and placement consultants are those that are not accredited and are located in areas which see little traffic of reputed recruiters. They face the classical chicken-and-egg situation. They need recruiters to attract students and students will come only if recruiters do. In come the facilitators – middlemen, corrupt employees, college authorities who are willing bribe-givers – who embolden the colleges to declare to the world "100 per cent placement" and guaranteed salaries.

This at a time when research reports say only a handful of those passing out of professional colleges are employable straightaway. A recent study by testing and assessment company MeritTrac says recruiting companies found only 21 per cent employable MBAs out of 2,264 from 100 schools outside the top 25. According to

"Since we had been recruited by ABC (Achievers Business Corporate) we did not apply anywhere else. We waited till September, only to realise that we could no longer find the company"

Aneesh Nirguna (right) *student*

Aspiring Minds, another assessment company, less than 17.5 per cent of engineering graduates can be employed in the IT sector.

In this scenario, any claims of "100 per cent" should be taken with a generous serving of salt, but try telling that to an eager parent, who sees an MBA or an engineering degree for her child as a ticket to untold riches. The middlemen are happy. Colleges pay for their travel, stay, and other needs. In one case, a recruiter blew ₹25,000 on foreign liquor in a small town hotel in a single night. And colleges get their bragging rights. But the students fall in the gutter that lies in between.

That number in the gutter runs into thousands every year, say HR professionals. And it is difficult to even fix the blame for it.

"I face pressure from parents," says Sai Krishna Kota, Training and Placement Officer with Prasad V. Potluri Siddhartha Institute of Technology in Vijayawada. "They ask why certain companies are not visiting my college when they are going to the neighbouring ones. 'Give them money, get the company at any cost,' they say."

The pressure from parents, say colleges, started unethical conduct in recruitment. The parents made HR professionals corrupt, not the other way round.

However, colleges, for their part, are eager to cater to the parents and more than eager to pay bribes if these help in placements.

More than 15 placement officers of rural engineering colleges from Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, Uttar Pradesh and Chhattisgarh told *BT* that their placements in a good year ranged between 20 and 60 per cent. Rural colleges, particularly those that have come up in the last five or six years, struggle to get top-flight companies – the big recruiters – to their campuses. They bribe HR personnel, seek the help of middlemen, and end up inviting bogus companies.

"After being unsuccessful in reaching out to Wipro directly in spite of all efforts, I had to explore the middle-

Worst Affected

A disproportionately large number of bogus companies and job racketeers that provide engineers with fake 'experience certificates' have their origin in Andhra Pradesh. Many IT companies admit they are wary of hiring from the state. Why is this so?

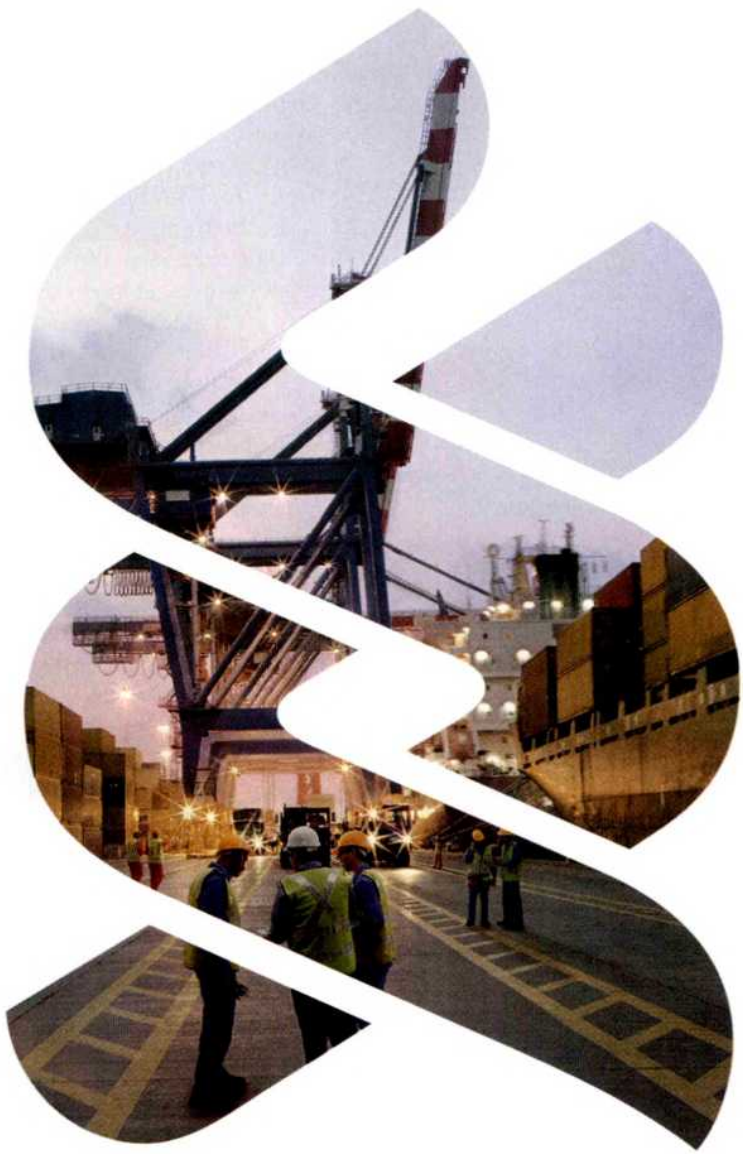
Some claim it is due to both societal pressure and excess capacity in engineering colleges. There is social expectation that every engineer must go to the US, or work for an MNC. It helps men get a bigger dowry.

"Among some rich communities, the normal dowry is ₹10 lakh to ₹30 lakh. If the boy is employed in an MNC, the dowry can be ₹50 lakh to ₹1 crore," says K.V. Narasimha Rao, principal of Sarada Institute of Technology and Science in Andhra Pradesh's Khammam district.

The proliferation of engineering colleges in the last few years has resulted in fierce competition among them to place students at any cost. According to Rao, in 2002, there were 220 engineering colleges in the state. Currently there are 740.

"In 2009, there were 15,000 to 20,000 vacant seats in the state. By 2010, it had reached over 25,000. 2011 was the worst year, nearly 100,000 seats fell vacant," says Rao.

Standard Chartered



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When businesses succeed, livelihoods flourish. That's why, in 2009, we took the initiative to be first to align with the World Bank Group in boosting global trade flows. Since then, we have continued to be proactive in encouraging growth across our markets. As trade is the lifeblood of the local economy, our commitment does more than protect businesses. It stimulates the communities that depend on them.

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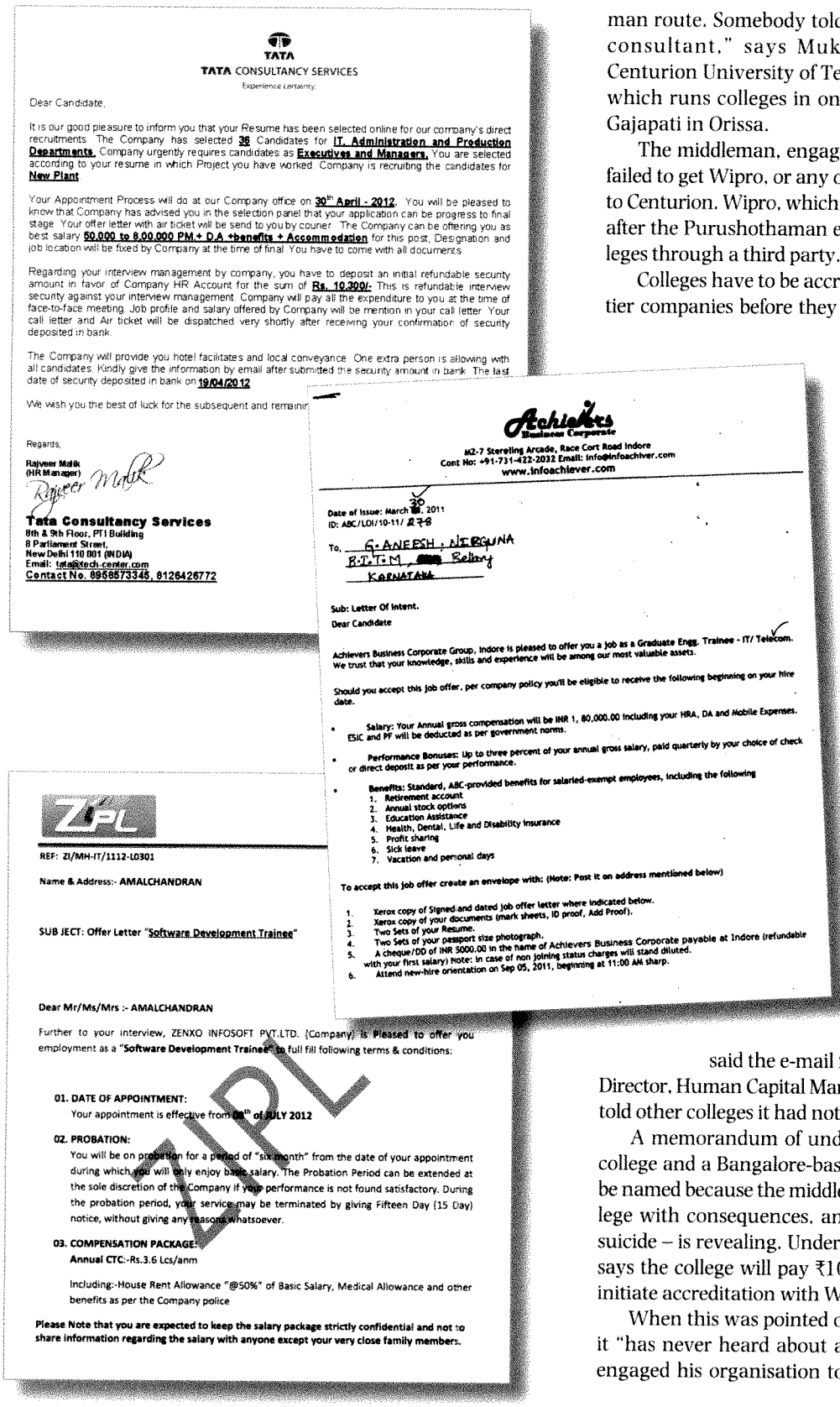
Fake Appointment Letters



TATA
TATA CONSULTANCY SERVICES
Experience certainty.

Dear Candidate,

It is our good pleasure to inform you that your Resume has been selected online for our company's direct recruitments. The Company has selected **36** Candidates for **IT, Administration and Production Departments.** Company urgently requires candidates as **Executives and Managers.** You are selected according to your resume in which Project you have worked. Company is recruiting the candidates for **New Plant**

Your Appointment Process will do at our Company office on **30th April - 2012**. You will be pleased to know that Company has advised you in the selection panel that your application can be progress to final stage. Your offer letter with air ticket will be send to you by courier. The Company can be offering you as best salary **50,000 to 8,00,000 PM.+ D.A +benefits + Accommodation** for this post. Designation and job location will be fixed by Company at the time of final. You have to come with all documents.

Regarding your interview management by company, you have to deposit an initial refundable security amount in favor of Company HR Account for the sum of **Rs. 19,309/-** This is refundable interview security against your interview management. Company will pay all the expenditure to you at the time of face-to-face meeting. Job profile and salary offered by Company will be mention in your call letter. Your call letter and Air ticket will be dispatched very shortly after receiving your confirmation of security deposited in bank.

The Company will provide you hotel facilitates and local conveyance. One extra person is allowing with all candidates. Kindly give the information by email after submitted the security amount in bank. The last date of security deposited in bank on **19/04/2012**

We wish you the best of luck for the subsequent and remainir

Regards,

Rajveer Malik
(HR Manager)

Tata Consultancy Services
8th & 9th Floor, PTI Building
8 Parliament Street,
New Delhi 110 001 (INDIA)
Email: tata@tech-center.com
Contact No. 8956573345, 8126426772

Achievers Business Corporate

M2-7 Sterling Arcade, Race Cort Road Indore
Cont No: +91-731-422-2032 Email: info@infoachiver.com
www.infoachiever.com

Date of Issue: March 30, 2011
ID: ABC/LOI/10-11/ 278

To, GANESH, NIRGUNA
B.T.M, Bellary
KARNATAKA

Sub: Letter Of Intent.

Dear Candidate

Achievers Business Corporate Group, Indore is pleased to offer you a job as a Graduate Engg. Trainee - IT/ Telecom. We trust that your knowledge, skills and experience will be among our most valuable assets.

Should you accept this job offer, per company policy you'll be eligible to receive the following beginning on your hire date.

- Salary: Your Annual gross compensation will be INR 1, 80,000.00 including your HRA, DA and Mobile Expenses. ESIC and PF will be deducted as per government norms.
- Performance Bonuses: Up to three percent of your annual gross salary, paid quarterly by your choice of check or direct deposit as per your performance.
- Benefits: Standard, ABC-provided benefits for salaried-exempt employees, including the following
  1. Retirement account
  2. Annual stock options
  3. Education Assistance
  4. Health, Dental, Life and Disability Insurance
  5. Profit sharing
  6. Sick leave
  7. Vacation and personal days

To accept this job offer create an envelope with: (Note: Post it on address mentioned below)

1. Xerox copy of Signed and dated job offer letter where indicated below.
2. Xerox copy of your documents (mark sheets, ID proof, Add Proof).
3. Two Sets of your Resume.
4. Two Sets of your passport size photograph.
5. A cheque/DD of INR 5000.00 in the name of Achievers Business Corporate payable at Indore (refundable with your first salary) Note: In case of non joining status charges will stand diluted.
6. Attend new-hire orientation on Sep 05, 2011, beginning at 11:00 AM sharp.

ZPL

REF: ZI/MH-IT/1112-L0301

Name & Address:- AMALCHANDRAN

SUB JECT: Offer Letter "Software Development Trainee"

Dear Mr/Ms/Mrs :- AMALCHANDRAN

Further to your interview, ZENXO INFOSOFT PVT.LTD. (Company) is Pleased to offer you employment as a "**Software Development Trainee**" to full fill following terms & conditions:

01. DATE OF APPOINTMENT:
Your appointment is effective from 08th of JULY 2012

02. PROBATION:
You will be on probation for a period of "six month" from the date of your appointment during which you will only enjoy basic salary. The Probation Period can be extended at the sole discretion of the Company if your performance is not found satisfactory. During the probation period, your service may be terminated by giving Fifteen Day (15 Day) notice, without giving any reasons whatsoever.

03. COMPENSATION PACKAGE:
Annual CTC:-Rs.3.6 Lcs/anm

Including:-House Rent Allowance "@50%" of Basic Salary, Medical Allowance and other benefits as per the Company police

Please Note that you are expected to keep the salary package strictly confidential and not to share information regarding the salary with anyone except your very close family members.

man route. Somebody told me we had to go through a consultant," says Mukti Mishra, Co-founder of Centurion University of Technology and Management, which runs colleges in one of India's poorest districts, Gajapati in Orissa.

The middleman, engaged late last year, has thus far failed to get Wipro, or any other company in that league, to Centurion. Wipro, which has tightened its HR processes after the Purushothaman episode, doesn't approach colleges through a third party.

Colleges have to be accredited, or empanelled, by top-tier companies before they come to recruit. The process involves a physical inspection in which the college's infrastructure and faculty, among other things, are evaluated.

But middlemen still fancy their chances. "I might use my good offices to recommend a college," says Visakhapatnam-based Vamsi Kiran, whose name somehow became associated with HCL Technologies. He runs a training organisation but says colleges often "request" him to help in placements.

In June HCL Tech got worried enough to send an e-mail to a university clarifying its position. "In the recent past we have found that a certain individual named Vamsi has been misrepresenting HCL and our intent... he or any other individual does not represent HCL for our talent acquisition needs," said the e-mail from Puneet Kumar Pandey, Director, Human Capital Management. The company also told other colleges it had nothing to do with Vamsi.

A memorandum of understanding between a rural college and a Bangalore-based middleman – neither can be named because the middleman has threatened the college with consequences, and, curiously, also hinted at suicide – is revealing. Under "financials", the agreement says the college will pay ₹10 lakh as capital advance to initiate accreditation with Wipro and TCS.

When this was pointed out to TCS, the company said it "has never heard about a person like him nor has it engaged his organisation to work, canvass, engage on

Hot Gifts

What colleges are gifting HR executives:

Cars, minimum price **₹4 lakh**

Holiday gift vouchers, starting from **₹10,000** for Tier-III colleges and up to **₹1 lakh** for Tier-I

Gold chains and bracelets, costing more than **₹50,000**

Gold rings, minimum cost **₹30,000**

Silver bowls, minimum price **₹10,000**

iPads and other tablets, minimum price **₹30,000**

Notebooks, minimum price **₹20,000**

Smartphones, price **₹20,000** plus

Imported brands of alcohol, worth over **₹5,000**

behalf of TCS at any point of time for any work". Wipro said it had nothing to do with this middleman, who, incidentally, claims to have placed at least 30,000 graduates over the last decade.

For colleges, it is not that easy to dismiss the middleman phenomenon. They in fact are forced to foster it. Nothing moves without money or gifts, say placement officers. When HR teams of companies visit remote campuses, colleges pay for their tickets and stay. When offers are doled out, they express their appreciation through gifts like mobile phones, tablets, and even gold. All this in the hope that they will come back next year and hire in larger numbers.

In September last year, mid-tier IT company MindTree recruited from a college in Tirupati. In May this year, when two HR executives visited the same college on an employee engagement trip, each was "forced" to accept a gold bracelet worth ₹75,000. They declared the gifts when they got back to the headquarters and the bracelets were sent back.

"We are investigating the matter very seriously," says MindTree Chairman Subroto Bagchi. "I believe this incident is nothing compared to what is happening all over the country and the illegal and immoral practices actually go way deeper. There are junkets on offer for placement officers to Dubai, Colombo and Bangkok. Colleges give kickbacks for coming to their campus for hiring and commission to intermediaries who bring students for engineering admission. I have personally decided to take the matter head on. We simply cannot tolerate what is going on."

What is going on goes beyond demands for "end-to-end hospitality" by HR executives. It includes fakes: fake offer letters and fake companies.

To understand the fake phenomenon we need to go back to the engineering college cluster in Vijayawada. About a 100 km from the city is Khammam. On a 35-acre plot here, new blocks are being added to a six-year-old college, Sarada Institute of Technology and Science. The principal's office, in the college's main block, is a huge rectangular room. At one end of the room is a desk laden with a PC, printer, newspapers, a book on thermodynamics, a dictionary and a tray full of résumés.

The Principal, K.V. Narasimha Rao, sits right under a

How to Detect Fake Companies

A guide for placement officers

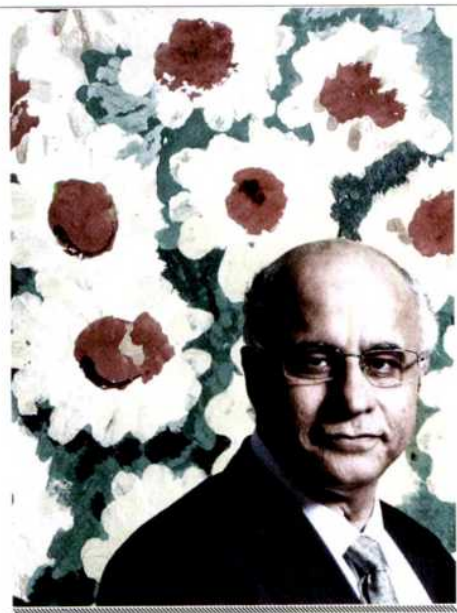
- Scrutinise the company's website. Check at *http://www.networksolutions.com/whois*. The website will tell you when the site was registered, in whose name, etc.
- Carry out a field test. Verify physically if the company has a genuine address, interact with its employees, and the local *chaiwalla*
- Talk to the company's HR department. Does it charge fees to recruit? If so, there is a problem with the company
- If the company asks for payment when offer letters are doled out, beware
- Seek a bank guarantee in case the company demands deposit
- Contact the company's clients, get order copies from them
- Find out if the firm is registered with a body like NASSCOM
- Look at the number of hires a new company is planning. If it seems too high, be careful
- Talk to placement officers of colleges you respect

large, black and white portrait of Albert Einstein. Rao is sifting through resumes, looking to fill a placement officer's position. He has been meeting and rejecting candidates, most of whom only talk of paying bribes to get students placed.

"They tell the college management that companies ask for bribes. When funds are made available, the placement officers can pocket some of the money," he says, peering from behind his rimmed glasses.

The pressure to meet the "100 per cent placement" target – much crowed about in advertisements these days – forces placement officers to invite all kinds of companies. The result has been disastrous. Fake companies that operate only for a year or so have been cropping up over the last three years. They start recruiting students starting August-September, collect money either from the college or from the students directly, citing training expenses or a refundable security deposit, and vanish by May of the next year.

Try to Google the website of Achievers Business Corporate (ABC), which was hiring till the other day. Even the omniscient search engine comes up short. The few places on the Internet where you do find ABC mentioned, you would also find incensed comments from people alleging that the company was "fake" and had disappeared after making offers. Some say they had sent ₹5,000 along with their documents to "confirm" their jobs, but later found the company's premises locked, phone numbers disconnected and e-mails bouncing.



"Illegal and immoral practices actually go way deeper. There are junkets on offer for placement officers to Dubai, Colombo and Bangkok. Colleges give kickbacks"

Subroto Bagchi, *Chairman, MindTree*

ABC, which called itself Indore-based, offered jobs to as many as 20 students of Ballari Institute of Technology and Management (BITM), in Bellary, Karnataka. "ABC came to recruit electronics graduates saying it had projects in the telecom sector. It had a community on Facebook," says Aneesh Nirguna, one of the 20 'recruits'.

The offer letters were issued on March 30 last year and the 'recruits' were asked to join in September. "We had to furnish a demand draft of ₹5,000 as security deposit. Since we had been recruited by ABC we did not apply anywhere else. We waited till September, only to realise that we could no longer find the company," says Nirguna.

A BITM trustee, who did not want to be named, says the management never quite trusted ABC but the students pressured it into inviting the company. "ABC was recruiting in the neighbouring colleges and the students asked us why we were letting the opportunity pass. These were

Seven Deadly Gaps

How the recruitment process in IT companies is subverted

Some employees have been known to hire their relatives

Students of dubious colleges and candidates from shady recruitment agencies can get a look in, since there are few checks. Company executives can give out business to vendor companies owned by relatives

HR executives may take kickbacks in return for hiring

Interviewers have been susceptible to bribery

Phone interviews run the risk of a much more fluent and knowledgeable person impersonating the candidate

Candidate may forward fake documents, be it IT returns, bank statements, salary slips, education certificates. Faking employment certificates is rampant. Background checks are rarely thorough

Candidate could cook up a relieving letter from his previous organisation. Candidate reporting for duty may be different from the person interviewed

students who had not been placed until March last year and had 40 to 50 per cent marks."

Kumar Gorasa and K. Ram Kishore paid ₹50,000 and ₹1 lakh, respectively, to Prodigy Solutions, which called itself an IT company and collected the money as a precondition to joining. There are many companies in the world which call themselves "Prodigy Solutions", but the one in this case was housed on the sixth and ninth floors of Cyber Towers in Hyderabad, a landmark address for the IT industry. According to police officers, the company collected ₹4.15 crore from 660-odd recruited employees before it vanished: lock, stock and CEO.

A company that called itself March-End Consultancy approached 20 to 30 colleges in Andhra Pradesh last year and charged ₹8,000 to ₹15,000 for every offer issued on behalf of IBM and MphasiS. The letters turned out to be fake.

"The company recruited 140 students from my college in February last year and took ₹500 from each as registration fee. They identified themselves as recruiting vendors for IBM. Three persons the company brought along impersonated IBM executives. They carried IBM business and identity cards. The college also received an e-mail from a fake IBM domain," says V.S. Rama Krishna, Placement Officer at BVC Engineering College, Odalarevu.

An IBM spokesperson said the matter was under investigation and the company was assisting the authorities. MphasiS at first did not respond to *BT*'s queries. When reminded, a spokesperson for the company sent an SMS with a smiley, saying: "No update ...asked around. Looks like it is far too dated to scoop out dope now."

Pune-based Persistent Systems discovered in November last year that a company called Orange Software Technology, based in Hyderabad, was hiring on its behalf – and, of course, charging the candidates money. A legal notice, says Persistent's Chief People Officer Sameer Bendre, put an end to it.

TCS, which hires more every year than any other private company in the country, is a perennial favourite with fraudsters and has taken out advertisements in newspapers asking colleges and students to be careful. Fellow IT giants IBM and Wipro have done the same.

Public awareness campaigns, though necessary, may not be sufficient. Placement officers will need to do more due diligence, and, eventually, structural changes alone may address the malaise.

Many suggest a single cross-industry test which doesn't exclude any student from any college, however remote. Companies can pick students on the basis of their score. Well-organised pooled campuses – in which students from many colleges gather at a common venue to write a company's test – could also help.

"The issues around corruption have recently been brought to our notice. I have discussed them with our Executive Council and with HR executives at our HR summit in Chennai two weeks back. We all need to review our processes. I am sure the industry will take the necessary steps," says Som Mittal, who heads NASSCOM, the industry lobby for IT, the largest recruiter at colleges and in whose name the most fraud happens.

"My team and I created the Talent Quality Group at Wipro. The group can also do retrospective inquiry – dig into the records of employees who are not fresh and check their previous employment details"

***Pradeep Bahirwani**, former VP, Talent Acquisition, Wipro*

There are lessons to be learned from Wipro, which has tightened its HR processes. "My team and I created the Talent Quality Group at Wipro. The group can also do retrospective inquiry – dig into the records of employees who are not fresh and check their previous employment details. Wipro has since then received a patent for some of the innovative recruitment processes that the group put in place," says Pradeep Bahirwani, former vice president of Talent Acquisition, who has left the company to write fiction.

He may be able to churn out a real thriller writing facts. ◆

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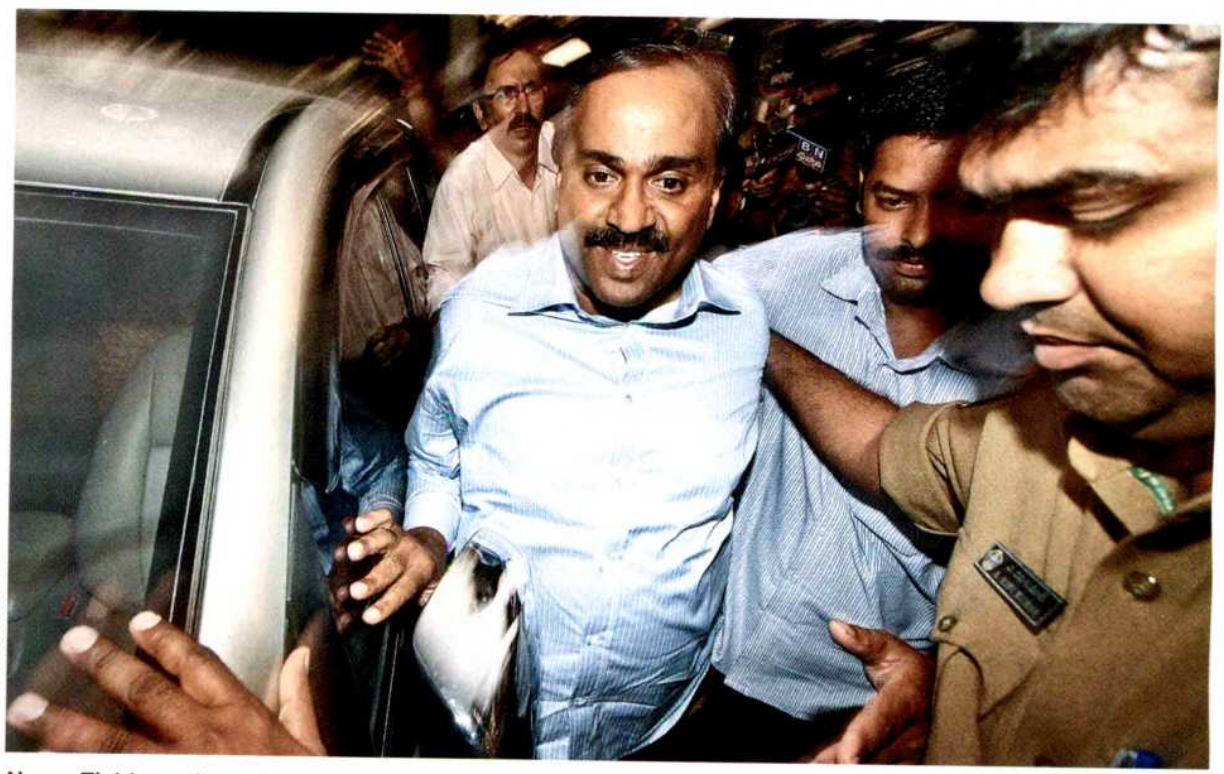
WHAT A STEAL

Disgraced mining baron Gali Janardhana Reddy also dabbled in making steel. Was he ever serious? By K.R. BALASUBRAMANYAM



A. PRABHAKAR RAO

Noose Tightens: Janardhana Reddy being taken to jail last September

In just five years, Brahmani Industries' planned steel project, in the backward Rayalaseema region of Andhra Pradesh, has changed from being a symbol of pride for the region to one of deceit. In the summer of 2007, the company stirred much local hope with its proposed two million tonne plant at Jammalamadugu Mandal in then chief minister Y.S. Rajashekara Reddy's native district of Kadapa. The project was promoted by Karnataka BJP leader and then mining baron, Gali Janardhana Reddy.

The company said at the

time it would raise the plant's capacity to 10 million tonnes by 2017, making it the largest steel mill in the state. The Rajashekara Reddy government backed it at every step, granting it iron ore mines for its raw material and land at concessional rates – 10,760 acres at ₹18,000 an acre (or just ₹19.4 crore) for the steel plant, and another 3,115 acres, at ₹25,000 an acre (₹7.8 crore) to set up a new airport nearby.

Three years later, at the glittering global investors meet (GIM) in Bangalore in July 2010, Janardhana Reddy, by now Karnataka's tourism minister, announced another mega project – a six million tonne steel plant with an investment of ₹36,000 crore in Bellary district, from which he hailed, and from where his brothers Karunakara and Somasekhara were legislators. It was the biggest investment proposal made at the event, ahead of global steel giant ArcelorMittal's ₹30,000 crore and South Korean company POSCO's ₹32,336 crore, also for steel plants.

But since then Janardhana Reddy has had his great fall, having been arrested by the Central Bureau of Investigation in September last year following a probe into large-scale irregularities allegedly committed by his Obulapuram Mining Company (OMC). More recently, his desperation to get out of jail has sparked off a fresh scandal, as emerging evidence of his attempts to get bail by allegedly bribing judges saw three serving Andhra Pradesh judges, another retired judge and a legislator being arrested. (See *Getting His Comeuppance*) Not surprisingly, the two steel projects seem to be going nowhere.

On May 31 this year, the Andhra Pradesh government cancelled its memorandum of understanding with Brahmani Industries on the grounds the company had failed to meet project timelines. The state's industries department is struggling to extricate the project from its current

GETTING HIS COMEUPPANCE

July 28, 2011

Lokayukta **Santosh Hegde's** report on mining irregularities in Karnataka names then chief minister **B.S. Yeddyurappa**, who is forced to resign, along with his cabinet. **Janardhana Reddy** not included in new cabinet.

Sept 5, 2011

The CBI, which has been probing illegal mining separately, arrests **Janardhana Reddy** and his brother-in-law, **N. Srinivasa Reddy** for alleged illegal mining in Andhra Pradesh.

Oct 1, 2011

The CBI files cases against **Janardhana Reddy** and his wife **Lakshmi Aruna** for alleged illegal mining in Karntaka. Former Karnataka mines minister **V. Muniyappa**, and bureaucrats **M.E. Shivalinga Murthy** and **S. Muthaiah** also named for helping them.

Nov 28, 2011

The CBI arrests **Y. Srilakshmi**, former Industries and Commerce Secretary, Andhra Pradesh, for her alleged role in providing Reddy a mining lease that omitted some key words and thus assisted his illegal activities.

May 11, 2012

CBI Special Court Judge **T. Pattabhirama Rao** grants bail to **Janardhana Reddy** in one of the mining cases, but Reddy stays in jail because there are other cases pending against him.

Janardhana Reddy

Jun 19, 2012

T. Pattabhirama Rao arrested when it emerges he allowed the bail after allegedly accepting a ₹5 crore bribe.

Jul 12, 2012

Andhra Pradesh anti-corruption bureau arrests two more judges, **D. Prabhakar Rao** and **K. Lakshminarasimha Rao**, for alleged attempts to arrange bail for **Janardhana Reddy**.

Jul 30, 2012

Karnataka MLA **T.H. Suresh Babu** also held for his role in the cash-for-bail scam. In all 10 people, including three sitting judges and a former judge arrested so far.

D. Prabhakar Rao and K. Lakshminarasimha Rao

Source: BT Research

Project: **Brahmani Steel**
Area: **4,761 acres**
Place: Bellary district, Karnataka
Capacity: **6 million tonnes**
Proposed investment: Around **₹36,000 crore**
Status: Hardly anything invested. Sold to Miglanis of Uttam Galva

Project: **Brahmani Steel and nearby airport**
Area: **13,875 acres**
Place: Kadapa district, Andhra Pradesh
Capacity: **2 million tonnes** (10 mt by 2017)
Proposed investment: About **₹20,000 crore**
Status: Timelines not met, Andhra Pradesh govt scraps deal. SAIL interested in taking over the project

mess. A possible saviour could be Steel Authority of India Ltd (SAIL), which has shown interest in taking it over. The state government has not yet responded to the proposal. "SAIL's request is under consideration. But it is too premature to say anything about it," says K. Pradeep Chandra, Principal Secretary, Industries, Andhra Pradesh.

What of the Karnataka project? Far from working on it, Janardhana Reddy, for all his eloquence at the GIM, quietly sold it eight months later to the Mumbai-based Miglani family, promoters of Uttam Galva Steels. The Miglanis have since changed its name from Brahmani Industries Karnataka Ltd to Uttam Galva Ferrous Ltd, but have done little else. "I am going to find out why they are not moving ahead with it," says Murugesh R. Nirani, Karnataka's Industries Minister.

Reddy has claimed he sold it for ₹285 crore, the amount he had invested in it till then. E-mails to the Miglanis seeking details of the project's status did not get a response. Interestingly, the largest shareholder in Uttam Galva Steels is global steel tycoon L.N. Mittal. Even the lands allotted in Bellary for the respective projects of Uttam Galva and Mittal's company, ArcelorMittal, stand close to each other.

Indeed, Reddy had tried to sell the Kadapa project too, but failed. He had zeroed in on the Sajjan Jindal-controlled JSW Steel as a potential buyer, but the steel maker backtracked after carrying out a prolonged due diligence. Further, in March this year, the Andhra Pradesh police accused Brahmani of concealing the information that it had pledged the entire 10,760 acres of project land with Axis Bank to take on a loan of ₹350 crore.

"He (Janardhana Reddy) never had the intention or the ability to set up a steel mill," says former Karnataka Lokayukta N. Santosh Hegde, whose voluminous report on illegal mining in Karnataka created a storm last year. "He was, in fact, in talks to sell his Kadapa project when he was signing the MoU in Karnataka to set up a steel plant. His modus operandi was to buy land at concessional rates and sell it at market rates."

"He (Janardhana Reddy) never had the intention or the ability to set up a steel mill"

N. Santosh Hegde,
Former Karnataka Lokayukta

It could have been more than that. For, along with the land around Jammalamadugu village, the Andhra Pradesh government also allotted Obulapuram Mining Company two iron ore mines – spread over 68.5 hectares and 39.5 hectares – in Anantapur district. "Reddy had no intention of building the steel plant. He was interested only in the mining leases that came along with the project," says H.B. Narase Gowd, former mines minister of Andhra Pradesh. The mining leases have yet to be cancelled, as the government is awaiting a Supreme Court decision. The court had suspended work at a few mines in Anantapur district, including Reddy's, last year, but has yet to make a final decision.

Steel industry experts lament that critical projects fall by the wayside because governments tend to patronise non-serious players like Reddy at the cost of companies with proven track records. In Karnataka, for instance, POSCO is still hunting for sites to build a steel plant, while Brahmani walked away with land and clearances with ease. As it stands now, the chances of either of the plants Reddy had promised starting operations in the near future remain bleak. ◆

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Pushing the Envelope

With Anil Ambani as an investor, DTDC takes wing.

By GEETANJALI SHUKLA

Subhasish Chakraborty is a busy man. In the last six months, his ₹424-crore courier-turned-logistics company, DTDC Courier & Cargo Ltd, added outlets in China and Canada. In May, Chakraborty was in Dubai to announce the purchase of a 52 per cent stake in Eurostar Express, the courier and logistics arm of Dubai's Eurostar Group. The two moves cost DTDC $12 million (about ₹66.5 crore). The company is close to finalising a joint venture in Pakistan and opening its first centre in Yangon, Myanmar. By end-August, Chakraborty will announce a joint venture with Fast World Couriers, its partner in Sydney, Australia, which will let it add centres in other Australian cities.

Global expansion is high on DTDC's agenda. The company has earmarked $30 million on its balance sheet for the Australia and Pakistan joint ventures, the Yangon centre, and future acquisitions. "We have raised this through internal

CALCUTTA UNIVERSITY CENTRAL LIBRARY

CROSSING BORDERS DTDC has a growing number of centres in foreign countries

UK	USA	Canada	UAE	China	Australia	Singapore	Bangladesh	Kenya	Myanmar	Nepal	Sri Lanka
21	9	8	4	3	2	2	1	1	1	1	1

accruals," says Chakraborty, who is Chairman and Managing Director of the Bangalore-based company, in which Anil Ambani's Reliance ADA Group holds a 40 per cent stake.

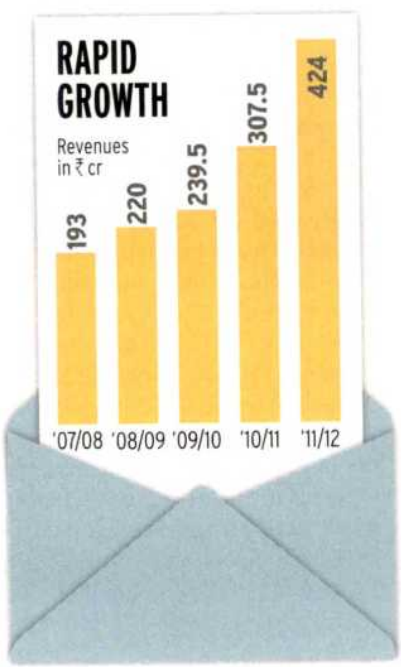
The Eurostar deal is the first overseas acquisition by an Indian express courier company. "It will give us greater access to markets like Dubai, Abu Dhabi, Qatar, Bahrain, and Oman," says Chakraborty. DTDC has a presence in 12 countries besides India, and is scouting for partners in Indonesia, Malaysia, South Africa, Thailand, and Vietnam. Its key rival, First Flight Couriers Ltd, has 10 overseas centres in cities such as New York, London, Dubai.

Chakraborty says the reason for the global expansion is that DTDC has grown fast. Revenues have grown from ₹193 crore in 2007/08 to ₹424 crore in 2011/12. Chakraborty is aiming for revenues of ₹1,000 crore by 2015. Logistics, e-commerce and premium services will drive much of that growth. DTDC seeks to do business in India's key trade partners and countries with a large Indian population.

Fundraising has not been an issue for the company, largely because of its franchise model. Every franchisee added means more cash in the company coffers, and not just from the revenue generated by new outlets. A franchisee in a metro pays a security deposit of ₹1 lakh. The deposit for an international franchisee ranges between $5,000 and $10,000 depending on location.

"Our business model is such that it generates automatic money," says Chakraborty. "That is why we need neither Reliance ADAG to invest nor any outside investment."

In 2006, the Anil Ambani-led group bought a 44 per cent stake in DTDC for ₹70 crore, through Reliance Capital. The deal was struck when Chakraborty's brother Debasish decided to opt out due to differences with Subhasish. Later that year, Reliance ADAG reduced its holding to 40 per cent, and DTDC issued that stake as stock options to employees and franchisees.



So is it Chakraborty's ambition that is driving the international expansion? Or is it the backing of one of India's top conglomerates that has spurred DTDC to aim higher? The 58-year-old Chakraborty is emphatic that Reliance ADAG has invested no funds in DTDC. "The ₹70 crore was paid to Debasish to purchase his stake in DTDC and not funnelled back into the company," he says. A Reliance ADAG spokesperson told *Business Today* the Group did not wish to comment on investment in specific companies.

But Reliance ADAG has hardly been a silent partner. Two of its executives – R.S. Prakash, Principal, and Anand Mundra, Vice President, Reliance Private Equity – currently sit on DTDC's seven-member board. In the slowdown of 2008 and 2009, DTDC planned to launch premium services, and the Reliance ADAG members of DTDC's board backed this contrarian call. Premium services – delivery in less than 24 hours, at a time chosen by the customer – are DTDC's second largest growth driver. They accounted for 15 per cent of total revenues in 2011/12, and have grown between 100 and 120 per cent since 2008.

The Reliance ADAG members also played a guiding role in DTDC's move into logistics. The management had considered venturing into logistics in 2007/08. "Logistics was a growing business in India," says Abhishek Chakraborty, Subhasish's son and a director at DTDC. "It has its own requirements, so we wondered if the time was right to be in logistics. Together with Reliance ADAG board members' guidance and our own view of the situation, we decided against it." DTDC eventually made that move in October 2010, after a joint decision by the promoters and the Reliance ADAG members of the board. Express courier services still account for the bulk of revenues, but DTDC expects logistics to account for 8.5 to nine per cent in 2012/13.

Suresh Bansal, Director and head of DTDC's international operations, says the Anil Ambani-led Group has been supportive of DTDC's international plans. Bansal, who has worked for 30 years in international markets and handled acquisitions in the US and UK, says: "With such a huge international experience, the board agrees that the company can take these plans forward."

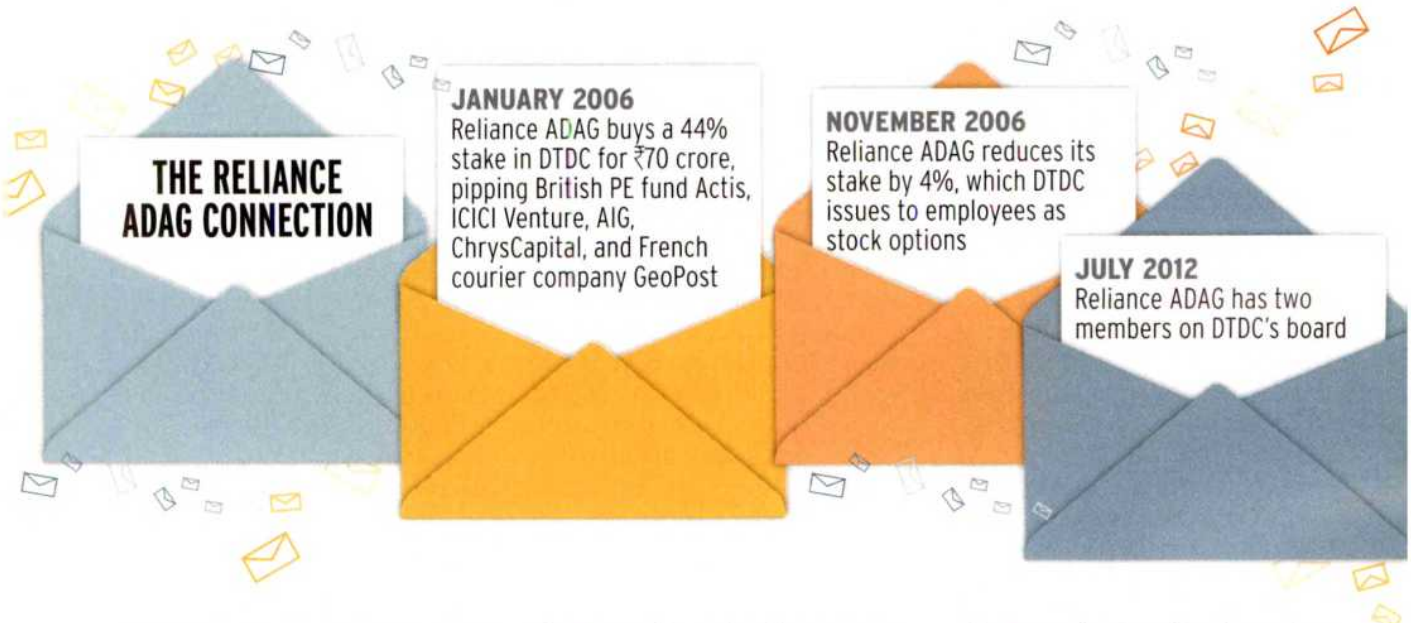
Arpita Mukherjee, Professor at the Indian Council for Research on International Economic Relations (ICRIER) in New Delhi, and an expert on the express courier industry in India, says DTDC and First Flight Couriers Ltd are the only two homegrown courier companies big enough to expand internationally. However, an official of the Express Industry Council of India, an express courier industry lobby, says on condition of anonymity: "For any Indian company to build a sizeable business opportunity in international markets is tough, as they have to compete with established companies."

The Council's Chief Operating Officer, Vijay Kumar, says some express courier companies in India are expanding their international footprint by operating in lane-specific markets. "India-China is a big lane," he says. Other lanes are to Germany, UK, New York and Dubai, he adds. "It mirrors India's trade with these countries. The companies are looking to operate in some of these lanes. To focus on all lanes would need deep pockets like global logistics companies."

DTDC's strategy reflects this logic. DTDC's Subhasish Chakraborty says: "We are clear that we are not a multinational company, and we can't scale to that level. So strategically we are only moving into markets where business volumes from India are large. For other markets where business volumes are low, DTDC will continue working with the MNCs."

Will Reliance ADAG's backing strengthen DTDC just enough to make it attractive for global giants who want a piece of the growing Indian logistics pie? There was no shortage of suitors lined up when Debasish Chakraborty was looking to exit in 2006. Reliance ADAG beat ICICI Venture, French express courier GeoPost and private equity firm Blackstone.

Chakraborty says he would consider an offer, but only if Reliance ADAG wants to exit. "We are not up for sale," he says. "We want to stay in the business. If Reliance ADAG is looking for an exit, we will consider whether to join hands with a private equity firm or strategic partner." ◆



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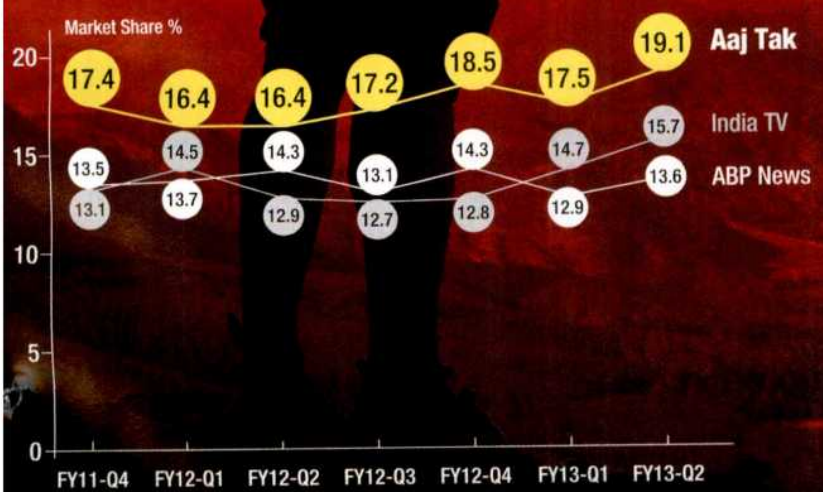

Source: TAM, Market: HSM, TG: CS 25+ M A, 14 Hindi News Channels, FY 13-Q2 Data till week 29'12

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RICH HUES

Premium products, despite their cost, are becoming increasingly popular.

By G. SEETHARAMAN

Until he visited Asian Paints's kaleidoscopic 'signature store' at Bandra in northwest Mumbai recently, media professional N. Rohan, 30, had no idea that so many colours, each one with its range of tints, shades and tones, existed. "I did not know there were so many textures to choose from, or that the same colour looks different under yellow light than it does under white," he says. Rohan has yet to make up his mind, but feels he might well choose the brand called Royale Luxury Emulsion for his 900 sq. ft. apartment, which he wants to get painted. Royale Luxury costs around ₹450 to ₹500 a litre and offers a choice of 1,800 colour varieties.

Rohan is a typical example of a new kind of paint customer. "Earlier, it was mostly people above 45 who chose types and shades of paints," says S. Sarda, Executive Director and CEO, Shalimar Paints. "But that is changing now with more young people owning apartments and taking such decisions."

Demand for premium products has been increasing as buyers become more aesthetically aware, and realise that the paint on their walls is as vital a feature of their homes as the television set or the couch. Premium products account for a fifth of the country's ₹13,200 crore organised decorative paints market – one which has been expanding at about 28 to 30 per cent annually for the last four years. In comparison, sales of economy and mid-tier paints are growing at 10 to 15 per cent annually.

So what makes 'premium' paints, well, premium?

Premium paints are mostly emulsions. They dry faster than economy or mid-tier paints, which are oil-based, and also do not smell as bad when wet. Indeed, the latter's odour can cause breathing problems, as they are made up of volatile organic compounds that have low boiling points and turning into gas, diffuse into the atmosphere. Stains on a premium painted surface can be removed with water, the brush strokes hardly show after painting. Such paints are also less affected by weather changes. Naturally, they cost quite a bit – at least ₹150 per litre, or more (see *Wide Variety* on page 80).

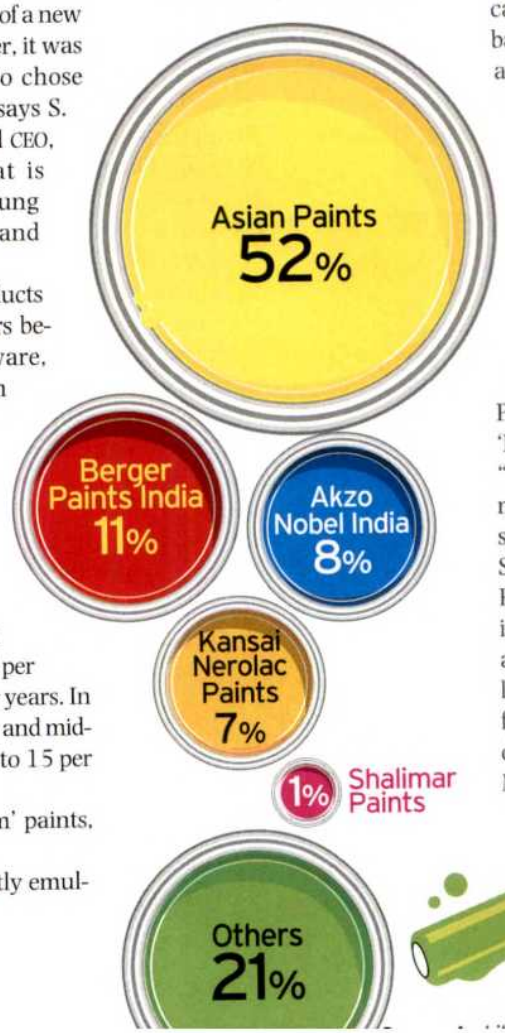
The new trend suits paint companies very well, since premium products offer 10 to 12 per cent higher margins than the economy or mid-tier variety, says an Ambit Capital report released this July. They have been quick to start cashing in. Asian Paints and Kolkata-based Berger Paints India, for instance, are both changing their product mix. Premium paints will account for about a third of the product mix of Asian Paints within three years – at present, they comprise only a quarter. Berger Paints aims to raise the share of premium products to 14 per cent from 10 per cent now.

To push sales of premium products, companies are setting up exclusive outlets for them, such as Asian Paints's signature stores or Kansai's 'Nerolac Impression Style Zone' outlets. "The sale at these outlets is twice as much as at multi-brand dealer outlet," says Sukhpreet Singh, Vice President, Sales and Marketing, Kansai Nerolac Paints. That is hardly surprising. "The interaction level between consumers and sales people at these exclusive outlets is much higher. We can explain the features of premium paints which a dealer may not," says Abhijit Roy, Managing Director, Berger Paints.

Akzo Nobel, which owns Dulux Paints, is primarily a premium player, and has more than

Signature Wall

Market share of organised decorative paint makers



SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

WIDE VARIETY: Decorative paints come in a range of shades, tones and prices

TYPE	PRODUCTS	PRICE RANGE (IN ₹/LITRE)	MARKEST SHARE (IN %) BY VALUE
Premium	Textured emulsions, textured enamels, exterior emulsions	150-400	20-25
Mid-tier	Economy emulsions, primers, premium enamels, wood care	70-150	60-65
Economy	Distempers, economy primers	40-80	15-20

Source: Ambit Capital

100 franchisee-run 'Dulux Decorator Centres', which are equipped with software tools like the one called Margherita, used to show customers how colours will look like when mixed, and thereby help them make choices. Other companies also offer such 'colour consultancy'. "We do it for free at our two signature stores," says Amit Syngle, Vice President, Sales and Marketing, Asian Paints. Websites of companies also allow clients to choose colours online, and even calculate how much getting their homes painted will approximately cost them.

The dealer outlets selling all brands are not being neglected either, especially in Tier-II and Tier-III towns, where setting up exclusive stores may not be viable. Asian Paints has 'Colour World' stores among multi-brand dealer outlets, while Kansai Nerolac has kiosks in 200 hardware stores.

Another strategy adopted for the last four years or so is that of offering home painting services for those who buy a company's products. Once the customer has zeroed in on his choice of paint, he need no longer hire a contractor for the paint job, but can instead get it done by the paint company. Asian Paints provides this service in 13 cities, Akzo Nobel in six; Berger offers it in 14 and plans to expand to five more by March 2013.

Sunil Gupta, a hosiery manufacturer in Delhi, recently got a 300 sq. ft. room in his house painted by Berger's painting service. "I chose Berger Silk, a luxury emulsion. The company took just a week and charged me ₹20,000. Had I gone to a contractor I may have saved ₹5,000, but here the finish is much better," he says. Though the painting service is not necessarily exclusive to those who opt for premium products, Berger's Roy says those who opt for this service tend to prefer high-end products for their walls.

Manufacturers are spending more on advertising their premium products too. Berger, for instance, spends over one per cent of its revenue on advertising and showcases only premium paints on television. "Our approach is driven heavily by investments in brand communication and product innovation," says Pushkar Jain, Marketing Manager, Dulux Paints, Akzo Nobel India.

"There is definitely an upgrade happening from economy to premium paints," says Nikhil Vora, Managing Director, IDFC Securities. Homes and offices are also being repainted more frequently. The repainting cycle is down from once every five to six years to once every two to three years, says the Ambit Capital report. "Like TVs and mobiles, the life cycle of paints has also shortened. If the reduction is 50 per cent in durables, it is 30 per cent in paints," Vora adds. ◆

SUBIR HALDER

"The interaction level between consumers and sales people at the exclusive outlets is much higher"

Abhijit Roy
MD, Berger Paints

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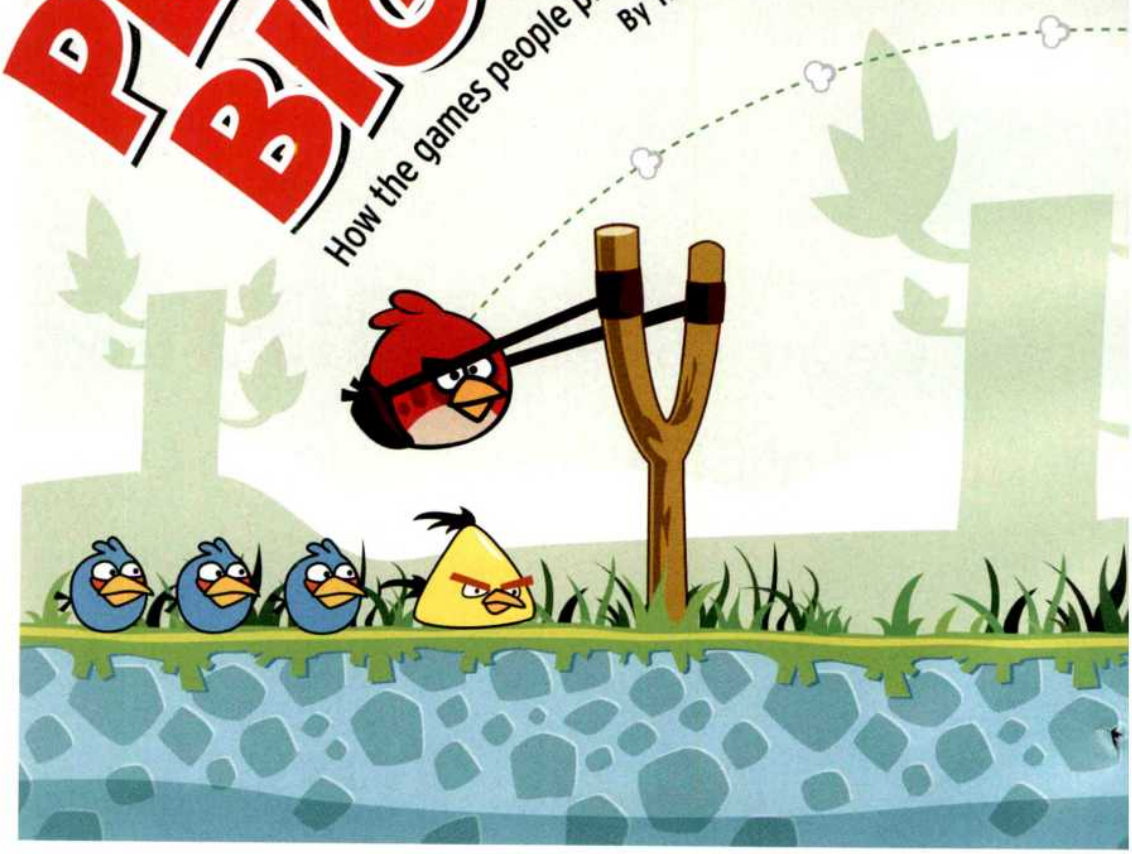
The Page 151 12

PLAYING FOR BIG BUCKS

How the games people play on their mobiles are being monetised

By TASLIMA KHAN



Playing Angry Birds is Sandeep Sharma's favourite pastime while travelling. The 38-year-old marketing manager at Noida-based petrochemical company India Glycols Ltd, is on the road for up to 15 days a month. He finds it most annoying, however, when ads pop up on his Samsung Galaxy S2 touch-screen smartphone. "Even if I happen to touch an ad by mistake it leads me to another website, disturbing my game," he says.

While Sharma may return to demolishing the defences of the greedy pigs who stole the birds' eggs, others may not do so at all to particular games if they find the ads alongside an irritant. That is why Alok Kejriwal, founder and CEO of online gaming company Games2Win, refuses to have ads in most of his applications. "An acne cream being advertised to an eight-year-old is very irritating," says Kejriwal. Once, not long ago, he was making ₹1 lakh a day from the advertisements that dotted 'Parking Frenzy', one of the more popular among the 40 games his company has developed – which has so far seen

SANTOSH

NO CHILD'S PLAY

How mobile games earn money

PREMIUM MODEL

Offers a basic free-to-play version and another premium version with a download fee. No ads disturb the game

Downloads available either at operator's website or at app stores or both

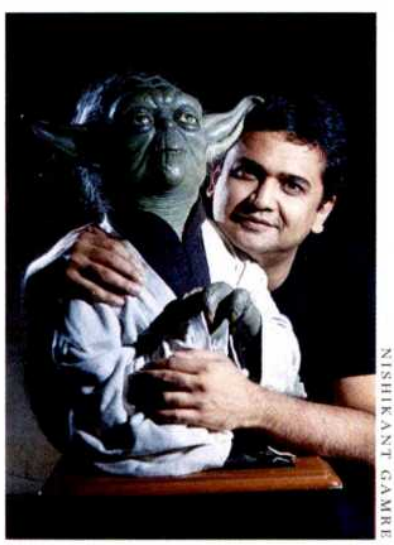
11 million downloads. But looking at the long term, he chose to forgo this revenue. He now makes money from his apps, by charging a download fee of 99 cents from users who want to upgrade to the advertisement-free premium version of the game with extra features after they have played the basic version.

Mobile gaming is set to become a big market in India, a country of 35 to 50 million passionate gamers. Its size is likely to balloon to ₹1,430 crore by 2014 from ₹240 crore in 2010, according to a joint report by KPMG and the Federation of Indian Chambers of Commerce and Industry. And gaming app developers are trying out novel ways to make money from their products. Some pack in ads, while others like Kejriwal shun them but charge users to download games. Those choosing the latter option also have to decide where to display their games: on operators' sites such as Vodafone Live or Airtel Live or at app stores such as The Nokia Store or Google Play.

"The ad-funded model is not gaining much scale," says Samir Bangara, Managing Director, Digital, Disney UTV. His company charges users to download the premium versions of its games and earned ₹54.5 crore in revenue for 2010/2011, mobile games being the largest contributor to its top line. But not everyone agrees with him. Indore-based Twist Mobile, for instance, banks solely on ads for its revenue while keeping all versions of its games free. It has 30 games, of which the most popular is Zulux, with seven million downloads. Besides India, it targets Indonesia, Vietnam and Philippines where basic 'feature phones', much cheaper than smartphones, still dominate the market. "These are largely pre-paid markets where the average balance in consumers' phones is as low as ₹9. We see no sense in expecting people to pay for playing games on their mobiles," says CEO Virat Khutal.

The jury is still out on whether telecom operators' sites or app stores make for savvier distribution. There is a huge difference in the charges: the former provide better display but keep back around 70 per cent of the download fee, while app stores charge only 30 per cent. Thus smaller players such as Twist Mobile are reluctant to approach operators. Some operators are even tardy about parting with the remaining 30 per cent. "There were times when we didn't hear from the operators for more than eight months," says Khutal.

But app stores present other problems. Getting noticed on them is not easy. "With over half a million apps in Google's Android market, your game will get lost in the crowd even if it is very interesting," says Nitish Mittersain, CEO of mobile games developer Nazara Technologies.



NISHIKANT GAMRE

"AN ACNE CREAM ADVERTISED TO AN EIGHT-YEAR-OLD CAN BE VERY IRRITATING"

ALOK KEJRIWAL,
FOUNDER AND CEO, GAMES2WIN

FREEMIUM MODEL

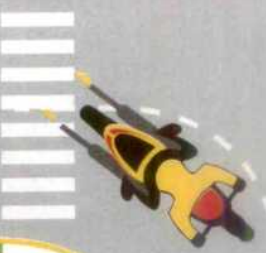
No download fee but game is interrupted with ads

Advertisers pay per click on the ad or per 1,000 visits to the site

Average payment ₹2 per click, or $3 per 1,000 visits

PURCHASES

Some games offer paid tools at certain stages to make the contest more exciting

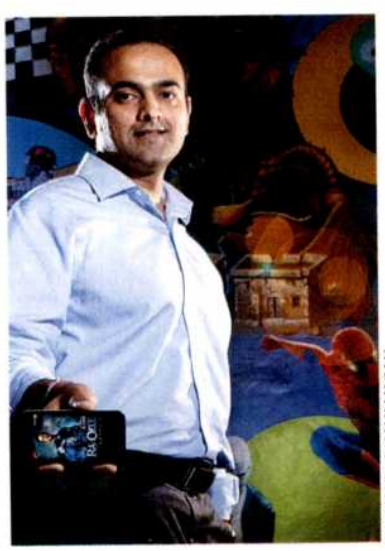


Of the two, Bangara of Indiagames prefers the operators and has tie ups with all the major ones. "They are indispensable as they give the customer a convenient payment model," he says. Paying online for apps can be cumbersome as it requires registering at the app store and entering credit card details, which many gamers may not want to. Operators, in contrast, can simply debit the amount from the pre-paid balance of the customer or bill it to his post-paid account.

Of course, operators and app stores need not be mutually exclusive, and developers such as IndiaGames and Nazara have also put their games up at app stores, especially those of handset makers. "App stores are driving a lot of new traffic," says Bangara.

Indeed, some feel they may be the future. "For smartphone users, app stores which have millions of top-quality apps are a better shopping destination," says Bala Parathasarathy, founder of startup incubator Angel Prime. "Power will move away from the operators as the feature-phone market diminishes." An Ernst and Young study says the smartphone market in India grew 250 per cent annually between 2009 and 2011. Operators are already offering better incentives to games' developers: Vodafone, for instance, recently decided to charge only 30 per cent of the fee for downloaded apps, as opposed to 70 per cent earlier. "We are betting big on increasing revenues from data charges. That is possible only if we continue to drive traffic on our portal," says Jonathan Bill, Senior Vice President for Innovation and Business Development at Vodafone India Ltd.

The gaming business has also seen a new breed of agent emerge: the ad network companies. An ad network links games' developers to advertisers and places ads within apps. Twist Mobile, for instance, works with Vserv, a mobile ad network with 10,000 apps in its fold. The network usually takes 40 per cent of the amount earned, the developer getting the rest. Typically, a developer is paid around ₹2 if a user actually clicks on the ad, or ₹150 to 200 for every 1,000 hits on the page that carries the link.

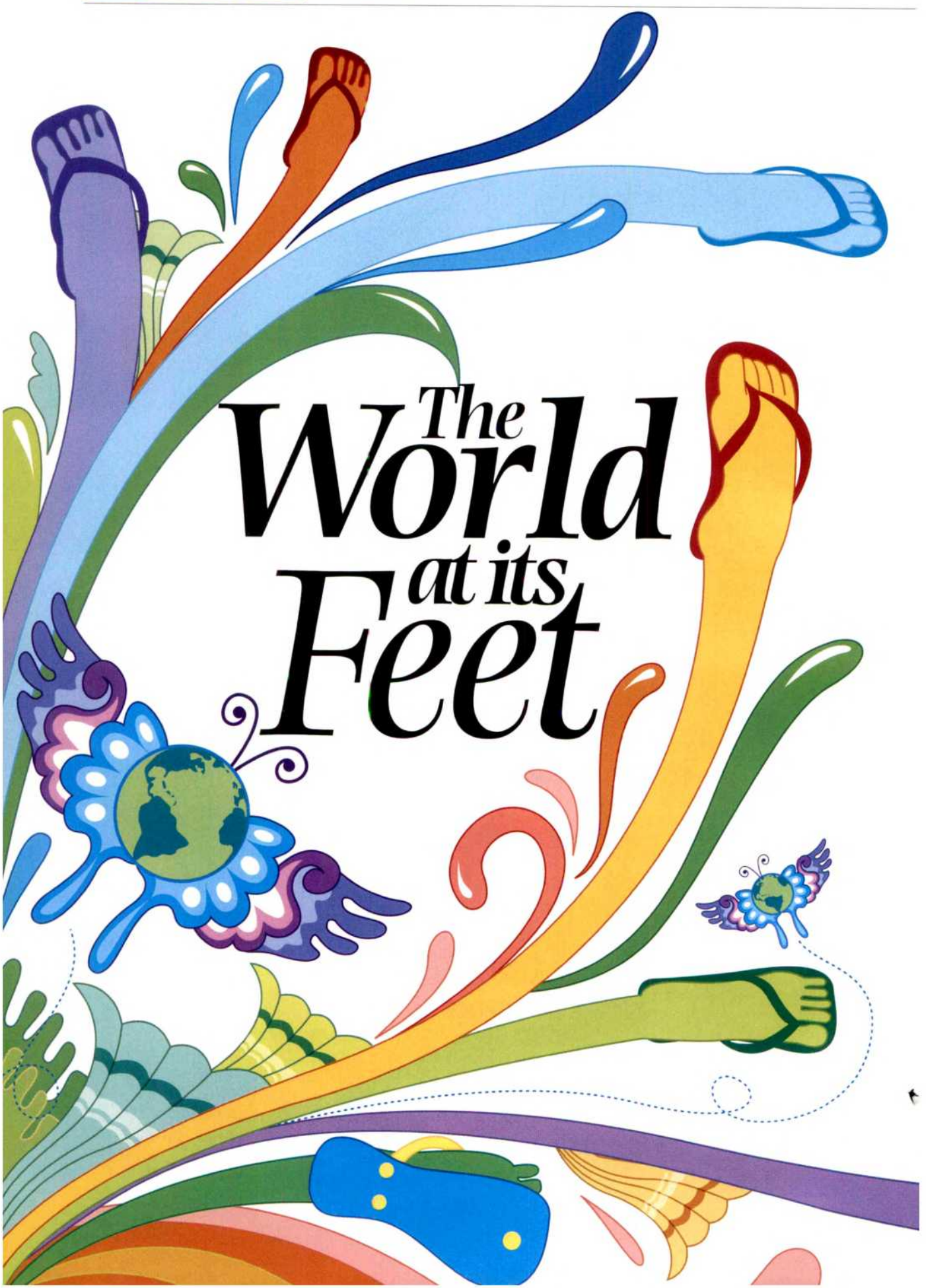


NISHIKANT GAMRE

"THE AD-FUNDED MODEL IS NOT GAINING MUCH SCALE"

SAMIR BANGARA, MD, DIGITAL, DISNEY UTV

Advertising budgets for mobile ads are still low, around two to four per cent of the total, but they are growing. E&Y expects the Indian mobile advertising industry to expand to ₹200 crore in the next few years, from ₹25 to 30 crore in 2011. "Mobile is scoring on reach and penetration, but advertisers are waiting for faster adoption of 3G services, which will allow better-quality video and audio advertisements, thus driving conversion rates for advertisers," says Raghav Anand, Segment Champion, New Media, E&Y. India had only one million 3G subscribers in 2011. ◆

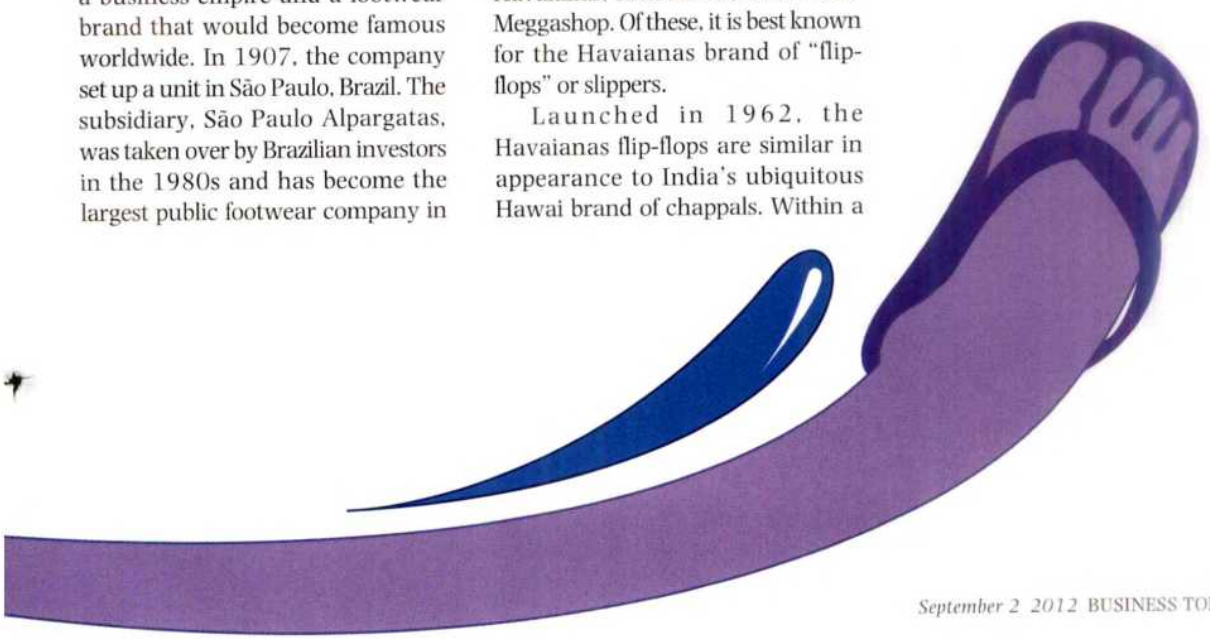

The World at its Feet

EXECUTIVE SUMMARY: Until the early 1990s, Brazil's Havaianas slippers were perceived as a poor man's product. In appearance, these slippers, made by São Paulo Alpargatas, are very similar to India's ubiquitous 'Hawai chappals'. A sharp drop in sales in 1993 forced the company to revamp the brand's image. Today, while it is still a product for the masses, Havaianas has come to be perceived as a premium brand as well. And Alpargatas is taking it global. This is the story of that remarkable transformation.

By NIRAJ KHALPADA, RAJESH LAKHANPAL, LUIZ MOREIRA, JITENDRA SINGH AND YOGESH SONTAKKE

In 1883 two immigrant Argentines, Juan Echegaray, who hailed from Spain's Basque region, and Robert Fraser, a Scotsman whose family was in the textile business, formed a partnership to manufacture low-cost footwear. Little did they know then that Alpargatas, the company they formed, would spawn a business empire and a footwear brand that would become famous worldwide. In 1907, the company set up a unit in São Paulo, Brazil. The subsidiary, São Paulo Alpargatas, was taken over by Brazilian investors in the 1980s and has become the largest public footwear company in Latin America. In 2011, its net sales rose 15.4 per cent to approximately $1.27 billion while net income, at approximately $152 million, was the highest in its history. Today, the company, renamed Alpargatas, has six manufacturing plants in Brazil and eight in Argentina. It manages a portfolio of eight major brands: Rainha, Sete Léguas, Topper, Dupe, Havaianas, Timberland, Mizuno and Meggashop. Of these, it is best known for the Havaianas brand of "flip-flops" or slippers.

Launched in 1962, the Havaianas flip-flops are similar in appearance to India's ubiquitous Hawai brand of chappals. Within a year of launch, the simple and cheap sandals were selling like hot cakes, racking up sales of more than a thousand pairs a day. However, as such, there was no marketing strategy for the brand. Alpargatas had not given much consideration to customer perceptions and did not invest in the brand. In part this was because of the difficult economic



ILLUSTRATIONS BY SANTOSH

BRANDS SHOULD BE LINKED TO A COUNTRY'S CULTURE

"Havaianas has a cultural edge that cannot be copied by the Chinese"

JAN-BENEDICT E.M. STEENKAMP
C. Knox Massey Distinguished Professor of Marketing, and Area Chair of Marketing, Kenan-Flagler Business School, University of North Carolina at Chapel Hill

What makes the Havaianas case so interesting is that at first sight, it has no clear advantages vis-a-vis its competitors, at least outside its Brazilian/Latin American home turf. It cannot compete on costs with Chinese manufacturers, and Brazil is not well-known for footwear. Moreover, in markets such as the US, flip-flops have been around for ages. So, Alpargatas faced well-entrenched incumbents. Its answer was to employ cultural branding.

There are several positive cultural meanings that consumers around the world associate with Brazil: vibrant colours, sensuality, youth, joy, fun, and a sense of humour. Alpargatas used this identity to gain a global advantage. It was able to transfer these cultural associations to Havaianas with a cleverly designed marketing strategy.

Havaianas has done with flip-flops what brands such as Harley-Davidson, Nike, Ray-Ban, and Levi's have done with American cultural connects to gain a unique point of differentiation in the global arena. The Brazilian brand now has an edge that cannot be copied by the Chinese. In turn, this allowed Havaianas to boldly attack the prejudice that emerging market brands sell only at a low price – Havaianas's pricing starts at $16 and extends all the way up to $200.

What is the lesson here for other emerging market companies? They should look at whether there are aspects of their country's culture that can be used to culturally brand their product. By doing so, they can differentiate their brand and overcome the stigma that is often, albeit unjustly, attached to brands from emerging markets.

If there is one emerging market that can put cultural branding in practice today, it is India. Its symbols and myths are known around the world. Dabur, a leader in herbal, nature-based products, is doing some of this. Its products are derivatives of *ayurveda*, an ancient system of medicine based on natural and holistic living. The world is waiting for more such cultural branding from India.

conditions prevailing in Brazil during the 1980s. As a consequence, the flip-flops were sold to customers in every socio-economic category with no differentiation.

To be fair, the company did not need a strategy at the time: it controlled 90 per cent of the domestic market and was selling nearly 100 million pairs of slippers each year.

However, Brazil's economy began to improve in the early 1990s, and ordinary citizens started to reap the benefits of the resurgence and had more money to spend. Ironically, this improvement also saw consumers deserting the "cheap" Havaianas slippers, which were seen as something worn by maids and construction workers. This development also coincided with the entry of new unbranded competitors in the domestic market. Consequently, Havaianas's sales suffered, dropping 35 per cent in 1993 to 65 million pairs.

The loss in sales forced the Alpargatas management to radically change the way it thought about the simple rubber flip-flops. It was clear that Havaianas needed a marketing push and could no longer survive as just a commodity.

The company revamped the brand by introducing new colours, new packaging and displays and investing heavily in promotional campaigns. Over time, customers came to associate Havaianas with a relaxed and irreverent attitude. This perception was driven by a series of

Until the 1990s, Havaianas was perceived as a brand for the poor, worn by maids and construction workers

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"Customers ask for Havaianas in much the same way a teenager asks for an iPod, not an MP3 player"

CARLOS SILVA LOPES
Global Marketing Director
Personal, Home and Industrial Care,
Dow Chemical

HAVAIANAS HAS BECOME A CULT BRAND

Havaianas's clear vision and long-term perspective makes it a strong leader. Its geographical and branding expansion shows how the company understands customer benefits, channel-to-market and positioning.

What started as a basic functional benefit, wearing something to protect one's feet, has evolved into a very convenient flip-flop with an emotional appeal. It was widely available at a competitive price, and ultimately became a trendy fashion item that matches consumer aspirations. Havaianas has created a category – it is not only a product but a desired cult brand. Consumers ask for it in much the same way a teenager asks for an iPod, not an MP3 player.

Good product technology mixed with art and science has created a strong brand that touches consumers' hearts. It shows how creativity, innovative thinking and perseverance can create a buzz that transcends one's initial territory. The success encourages other brands from rapidly developing economies such as India, China and Brazil to become global power brands built on transformative ideas.

funny advertisements that depicted artistes wearing Havaianas outdoors – at the beach, while shopping, etc. Simultaneously, a media campaign was launched with celebrities endorsing the product. These advertisements caught the attention of consumers and helped reinforce the new brand associations.

The Havaianas range grew from just two models to over 25 (and many more, later), in a variety of colours. While the cheap, commoditised mass model was retained, the new ones were priced five to six times higher. The premium products were packaged in boxes similar to those of shoes. Soon, the slippers began to appear in display windows.

In just six years, São Paulo Alpargatas managed to reverse the decline in sales. From 65 million pairs in 1993, sales rose up to 105 million pairs in 1999. Havaianas had bounced back. Today, Brazil continues to be its largest market, accounting for 72 per cent of Havaianas's total sales.

Even as the Havaianas brand regained its dominance over the Brazilian domestic market, Alpargatas began eyeing its Latin American neighbourhood. The company's experience licensing foreign brands such as Nike and Timberland in Brazil, and representing them in other Latin American countries, helped. The proximity and cultural similarities of these markets to Brazil, combined with its knowledge of this regional market, made it logical for Alpargatas to expand Havaianas into the region.

The next frontier is the international market. While it sells directly and indirectly in around 82 countries, revenues from international markets account for just 28 per cent per cent of São Paulo Alpargatas's total sales. Argentina accounts for 68 per cent of the international revenues while the rest mostly comes from the US and Europe.

In 2007 and 2008, the company launched the Havaianas brand in New York and Paris, respectively. The brand was positioned at the higher end, as there was an abundance of low-cost competitors. The makeover of Havaianas in Brazil had already catapulted it into the premium segment. Besides, US consumers had greater purchasing power compared with consumers in Latin America.

The company has taken great care to identify Havaianas with the Brazilian spirit. This is in line with what consumers love about Brazil: vibrant colours, youthfulness,

Havaianas was repositioned and transformed into a sought-after brand with sustained promotion and celebrity endorsements

sensuality, joy and fun, among other positive characteristics.

Since Havaianas was being marketed as a high-end item in the US, it was restricted to chains such as Saks Fifth Avenue. As sales increased in the US, Havaianas opened its first retail shop in Huntington Beach, California. The sleek 1,250 square foot store featured the brand's largest US selection, with over 150 styles.

Prices started from $16 and went up to $200 for custom-designed Swarovski crystal studded sandals and shoes. The wide price range was aimed at capturing different customer segments with different expectations – from the casual fashion seeker to the 'will-buy-at-any-cost' type. But the entry price point was still $16 to differentiate Havaianas from the lower end market.

The Brazilian company recently revealed plans to launch Havaianas in India and Pakistan, two highly populated countries where it has no presence, and where such slippers are very popular. It is planning to partner with local distributors, as the majority of sales in both countries still take place through traditional retail channels, as opposed to the online route popular in some countries. In June 2008, Bata India sold its Hawai brand to Alpargatas, for a reported $0.9 million.

The internationalisation strategy has not diverted Alpargatas's attention from its domestic customers in Brazil. The company continues to pay special attention to its home market, which also acts as a test bed for new product launches. An example being a tote bag launched first in Brazil and elsewhere a year later. Havaianas's international recognition has also had a positive effect back home, making domestic consumers proud of its success. The result of all of this hard work is that Havaianas accounts for almost 85 per cent of the sandals sold in Brazil today.

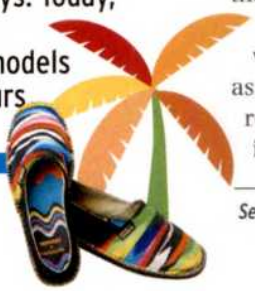
For Havaianas, the future is very much in its present. As long as it remains true to its Brazilian roots, it will continue to sell the idea that is Brazil. ◆

BEFORE 1994

Havaianas sandals were sold to every socio-economic class with no differentiation. They were considered practical footwear offering value for money. But this led to the sandals being perceived as a brand for the poor.

AFTER 1994

The brand is still perceived as durable, hygienic and offering excellent value for money. But it has also come to be associated with the Brazilian identity – youthful, happy, relaxed and stylish. It has become an outdoors product, comfortable for the beach, heat and holidays. Today, Havaianas has more than 80 models in 60,000 colours



Send your comments to editor.bt@intoday.com

BEST OF THE LOT

BT receives many responses to its case studies. Below is the best one on Häagen-Dazs (June 10, 2012)

Kaushal Mankad, the cluster head for wholesale banking in HDFC Bank's Jamnagar branch wrote:

Häagen-Dazs cracked the price-sensitive Chinese market with premium ice cream products and emerged the clear leader. The company proved that while understanding consumers and analysing their needs and behaviour is one thing, reaching out to consumers with a product or service is a different ball game. Marketing is all about innovation, and structured branding is the ability to associate with the target market and appeal to its tastes and preferences. If a company can find out what a customer needs, what exists and what to communicate, the right branding is not too far away. This is where innovation plays a key role. It gives marketers the edge by making them associate their companies and brands with consumers. This association at an intimate level can create a bond, which will translate into market share and bolster the bottom line.

Mankad wins a copy of* India Inside *by Nirmalya Kumar and Phanish Puranam

Eating Out of their Hands

With more Indians patronising restaurants, dining chains, both fine and casual, are on a roll.

By E. KUMAR SHARMA

GROWING GIRTH

Size of the industry:

₹43,000 crore
Overall

₹7,000-₹8,500 crore
Organised sector

₹3,000 crore
Fine/Casual dining sector

₹4,000-₹5,500 crore
Quick service sector

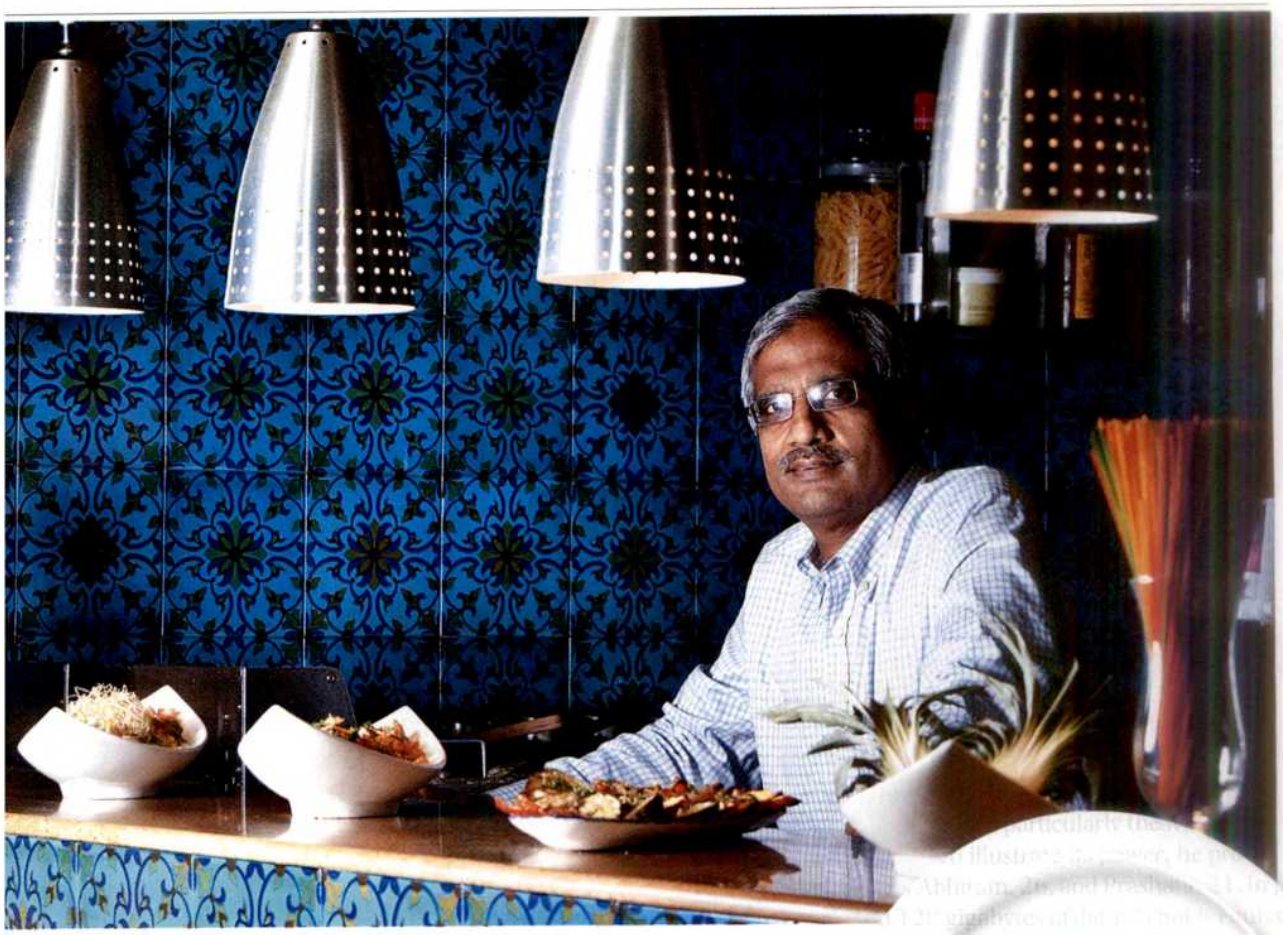
₹10,000 crore
Estimated size of fine/ casual dining sector by 2015

Source: Industy estimates

Seen from the outside, the tall, box-like building at the Marol Industrial Estate in northeast Mumbai hardly conjures up images of culinary delights. But it houses the headquarters of one of the fastest-growing restaurant chains in the country: Pan India Food Solutions, which owns the Spaghetti Kitchen, Bombay Blue and Noodle Bar brands. "There is a growing propensity for out-of-home consumption," says K.S. Narayanan, the company's CEO, explaining the success.

An increasing number of well-heeled, upper middle class folk would agree. Neeraj Jain, 50, Vice President at Johnson & Johnson, certainly does. He eats out regularly with his family – wife Simmi and their two sons – and does not believe rising prices will affect eating out at restaurants. "People may talk about eight to 10 per cent inflation, but salaries have also gone up 14 per cent," he says. A favourite haunt is a Spaghetti Kitchen outlet in Mumbai.

It was not always this way. Pan India Food Solutions (also known as Blue Foods) had to struggle at the start. Incorporated in 2000 by Sunil Kapur and three others, it initially tied up with the Future Group and plunged into the emerging food court business. But the results were indifferent: as late as 2008, it was a loss-making company. That year, however, saw private equity firm Everstone Capital Advisors invest in the company, as well as a shift of emphasis by the company itself: though the



NISHIKANT GAMRE/www.indiatodayimages.com

"There is a growing propensity for out-of-home consumption"
K.S. Narayanan
CEO, Pan India Food Solutions

food courts remain, it concentrated much more on building its fine dining and casual dining business. "We opened the first Spaghetti Kitchen outlet in 2004," says Narayanan. "Till 2008 we had added only one more. But since then we have grown with the market and today have 13 outlets across five cities."

Everstone Capital, through its investing platform Cuisine Asia, now owns 80 per cent of the company, with an investment of ₹200 crore. "What got us interested was that this was a highly consumer-centric business with established brands that take years to build," says Jaspal Singh Sabharwal, Partner, Everstone. "It is now moving into the profitable zone and we intend to stay invested."

If Spaghetti Kitchen rode the wave of a growing Indian love for Italian fare, Speciality Restaurants capitalised on the increasing demand for regional cuisines as well as 'authentic' Chinese food – as opposed to the Indianised version available at every street corner. It began as a single eatery called 'Only Fish' in Mumbai in 1992, one of the earliest to serve Bengali cuisine outside Kolkata, following that up with the first 'Mainland China' outlet, again in Mumbai, in 1994. Since then it has grown to 60 fine dining restaurants across the country, including the brands 'Mainland China', 'Oh! Calcutta' – as 'Only Fish' was renamed in 1996 – and others. In May this year, it became the first company in the fine and casual dining sector to go in for an initial public offering, which was oversubscribed two and a half times. It listed above the issue price of ₹150 and currently trades at around ₹180.

These are only two of numerous instances which show that the fine and casual dining sector – currently estimated to be around ₹3,000 crore –has customers eating out of its hands. Lite Bite Foods, for example, a personal venture of the Dabur Group vice-chairman's Amit Burman, runs 25 fine dining restaurants, and most of them are prospering. The Ohri

NISHIKANT GAMRE

"We've started a management contract model where we undertake the complete management of a facility"
Nisha P. Nichani
Chairperson & MD, BJN Group

chain, owned by the father-son duo of Ravi and Amar Ohri, has 26 similar thriving outlets across Hyderabad and Bangalore. Customer cannot seem to get enough. "Some 18 months ago we opened a new outlet of Mainland China at Powai in north-east Mumbai, but that did not impact our existing outlet at Saki Naka, barely three km away," says Anjan Chatterjee, owner of Speciality Restaurants. "There was no cannibalisation, despite their proximity."

Restaurants come in two broad formats – the fine or casual dining chains, and the quick service ones. The fine and casual dining formats are essentially the same, varying only in prices charged: thus restaurants such as those which are part of the Taj Hotels would be classified as 'fine dining' ones, while the likes of Mainland China and Spaghetti Kitchen fall in the casual dining category. The economics of the quick service restaurants (QSRs) are very different. The success of the latter – such as McDonald's, Domino's or Pizza Hut – is apparent; indeed, Jubilant FoodWorks, which holds the franchise for Domino's, also listed successfully on the stock market in 2010. QSRs have a central kitchen and standardised fare, operate on lower margins but make up on scale, since the cost of setting up outlets is comparatively low. Fine and casual dining restaurants are the ones which have elaborate menus and take pains over garnishing and quality of service, usually serving liquor as well. They are much more capital intensive, with each new restaurant costing between ₹1 crore and ₹3 crore (see *Vive La Difference*).

Vive La Difference

AVERAGE BILL PER PERSON
QSR: ₹50-₹300
Fine/Casual dining: ₹750-₹3,000

MARGINS
QSR: 15-25%
Fine/Casual dining: 20-40%

RANGE OF INVESTMENT PER OUTLET
QSR: ₹10 lakh-₹40 lakh
Fine/casual dining: ₹1 crore - ₹3 crore

Note: QSRs, however, incur large costs in setting up centralised kitchens

Most leading names are in the casual dining sector. They also have one foot in quick service. Pan India Food Solutions has its food courts and another chain selling frozen desserts. Speciality Restaurants also runs confectioneries, mostly selling Bengali sweets. Lite Bite Foods has several quick service outlets, including the franchise for Subway. "Typically operating profit margin in

the fine dining space range between 25 and 40 per cent, while in the quick service category it is between 15 and 25 per cent," says Lite Bite Foods's Burman.

With all the big players gung-ho on expansion, fine and casual dining is expected to touch ₹10,000 crore by 2015. "We expect to grow at a consistent pace of 20 to 30 per cent per annum over the next five years," says Pan India's Narayanan. Speciality Restaurants's Chatterjee has 45 new restaurants planned by 2014/15. Burman sees himself investing ₹70 crore to ₹100 crore in the next five years. Equally upbeat are the Ohris. "We may soon get to five or six cities," says Amar Ohri. "Private equity funds are talking to us."

With the example of Everstone Capital before them, many other PE investors are also eyeing this sector. New Silk Route Growth Capital has set aside $100 million to invest in food and beverage companies, including fine dining restaurants. However, not all those looking for PE investment so far have been successful. The BJN Group, for instance, which runs 29 restaurants, and has faced tough times since its founder Prakash Nichani died in 2009, has been looking hard for such investment but has not found it. It is in talks with high networth individuals for funding. "We are doing more compact models now," says Nisha P. Nichani, Chairperson of the group. "We have started a management contract model where a franchisee-owner invests and we undertake the complete management of the facility." ◆

Send your comments to editor.bt@intoday.com

Adapting to Conquer

International luxury restaurant chains are changing their menus to suit local tastes

A Chinese restaurant making vegetarian dishes or a French eatery offering Italian cuisine may sound strange to food aficionados. But this is what many international luxury restaurant chains are doing in India to cater to local tastes.

Take, for example, Yauatcha, a London-based Cantonese cuisine chain. It opened its first restaurant, in Mumbai's Bandra-Kurla complex, in December. Since the area is a hub of the business community, dominated by Jains and Marwaris, Yauatcha included vegetarian dishes in its menu. Hakkasan, another London-based Cantonese cuisine fine dining restaurant, did the same. "We have Jain preparations without onion, garlic and root vegetables," says Jeetesh Kaprani, Vice President, Operations, at KA Hospitality Pvt Ltd, which brought the two chains to India.

On your plate: Le Cirque, Leela Palace, New Delhi

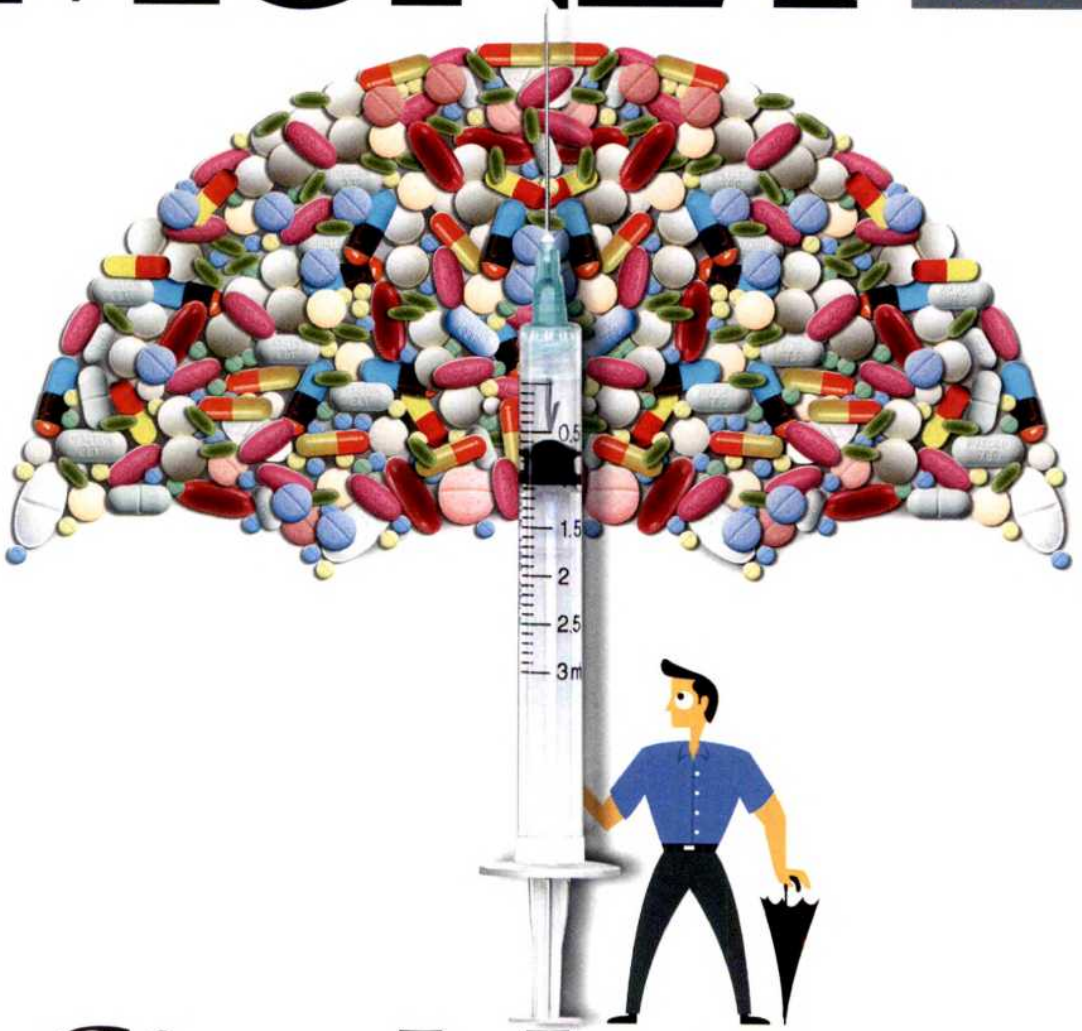
Le Cirque, a French cuisine chain, is said to have tweaked its menu in favour of Italian dishes, which are more popular in India. Le Cirque was brought to India by the Leela group in September last year. In June this year, the group also brought Megu, a New York-based Japanese luxury dining chain, to India. "We are looking to bring more foreign brands to India," says Rajiv Kaul, President, Leela Palaces and Resorts.

Some companies are going a step further. Paris-based Buddha Bar has changed its name to B-Bar, so as to not offend anyone's sentiments, for its upcoming restaurant in New Delhi. It plans to open 10 more restaurants and two or three hotels. "We are ready to invest around $150 million in 10 years in India," says Frank Fortet, group head of international development at George V Entertainment, which owns the brand.

DEARTON THOMAS HECTOR

MONEY

COVER UP WELL
INDIVIDUALS SHOULD OPT FOR BOTH GROUP AND INDEPENDENT COVERS TO ENSURE THEY ARE ALWAYS INSURED FOR ALL AILMENTS



SANTOSH

Size Matters

Medical treatment costs have been rising steeply. Ensure your insurance cover is large enough to cover all contingencies By **DIPAK MONDAL**

Have you ever found out the cost of different medical treatments and procedures before deciding the size of your health cover?

When you buy a family floater health cover of, say, ₹3 lakh, do you know the cost of a bypass coronary surgery or a liver transplant or any other critical illness?

If you do not, it is similar to buying a pair of small-size jeans without knowing your waist size. When you want to wear it, it might not fit.

That medical inflation far outpaces overall inflation is known. The oft-quoted figure for health-care inflation in India is 15 per cent a year compared to overall inflation of six to seven per cent in the past few years.

A health insurance report pub-

lished by the Insurance Regulatory and Development Authority (IRDA) in 2011 says the average claim *made* in case of major diseases was ₹134,550 in 2009/10 compared to ₹98,101 in 2007/08, a compound annual growth rate of 17 per cent. Meanwhile, the overall average claim *paid* by insurance companies in 2009/10 was just ₹23,000.

The report was based on the 'amount claimed' as, according to IRDA, this reflects the actual expenditure incurred, and thereby shows how medical costs have risen over the years. The report considered only those cases where the amount claimed was more than ₹40,000. Claims of lower amounts would usually be for diagnostics tests and medicines without major treatment being involved and could have distorted the overall data disproportionately.

The report points to a 57 per cent rise in average claimed amount for circulatory diseases (heart attacks, high and low blood pressure, etc) from ₹1.53 lakh in 2007/08 to ₹3.56 lakh in 2009/10. The average claim made in nervous system-related diseases increased 14 per cent from ₹1.10 lakh in 2007/08 to ₹1.28 lakh in 2009/10. The average claim made in blood-related diseases increased 11 per cent from ₹96,000 in 2007/08 to ₹1.07 lakh in 2009/10.

The average claimed amount in the case of uterine cancer was ₹74,717 in 2009/10 compared to ₹66,000 in 2007/08, while the average cost of gall bladder stone surgery rose 13 per cent between 2007/08 and 2009/10 from ₹63,664 to ₹73,127. That of kidney stone removal increased from ₹61,000 to ₹65,000.

That was in 2009/10. What about 2011/12? There was no survey available, so we asked third party administrators, or TPAs, insurance brokers, hospitals and insurance companies. Not all were willing to share prevailing rates.

One agency hired by insurance companies to service health insurance claims, however, shared the tariff list approved by the General Insurers' Public Sector Association (GIPSA). Also, Medimanage, an insurance broking company, provided a list of current rates for some common treatments and procedures, which it said was the average cost across the country in private hospitals.

The two lists, however, show wide disparity in rates. The average cost of coronary artery bypass surgery, according to GIPSA was ₹1.4 to 1.8 lakh in 2011/12 while the average actual cost, according to Medimanage was ₹2.5 lakh. Similarly, the cost of angioplasty was ₹1.5 lakh according to GIPSA while the 'actual' cost was around ₹2.5 lakh (See *Stunning Spike*.) Raju M.V., Vice President (Technical), TTK Healthcare, says GIPSA-approved rates do not reflect actual costs.

GIPSA is an association of the four public sector general insurers who controlled the sector before it was opened to the private sector in 1998: New India Assurance, United India Insurance, National Insurance and Oriental Insurance Company. Their spokespersons claim they decided to standardise rates for 42 medical procedures across categories of hospitals for settling cashless claims because hospitals were saddling insured patients with inflated bills, settling which in turn was taking the insurance companies into the red.

The network of hospitals that agreed to the GIPSA rates forms the preferred provider network (PPN). There are 928 hospitals in the PPN across eight cities in the country.

Why are health-care costs increasing at a double-digit rate despite the increased use of technology? According to Raju of TTK Healthcare, while technology has reduced the time taken for certain medical procedures, the expertise to use such technologies is scarce. "The cost of super-specialty equipment and robotics is also passed on to patients," he says ◆

Courtesy: *Money Today*

STUNNING SPIKE Medical costs have zoomed in 5 years

Procedures	2012	2007	Increase
Childbirth (Caesarean)	42,000	29,000	45%
Childbirth (Normal)	26,000	18,000	44%
Cataract Removal	24,000	16,000	50%
Angiography	22,000	14,000	57%
Coronary Artery Bypass Graft (CABG)	2,35,000	1,65,000	42%
Appendectomy	42,000	28,000	50%
Haemorrhoidectomy (Piles)	35,000	21,000	67%
Cholecystectomy (Gall Bladder Removal)	52,000	32,000	63%
TURP (Prostate Surgery)	62,000	37,000	68%
Angioplasty (PTCA) with 2 stents	2,45,000	1,55,000	58%

Source: Medimanage Insurance Broking

Celebrating South Korea Independence day on 15th August

South Korea and India FORGING DIPLOMATIC TIES

South Korea also referred as the land of the morning calm is located in the southern half of the Korean Peninsula and is one of the oldest civilizations in the world. South Korea came into existence in 1948 when Korea was divided into two halves, North and South. Soon with the assistance from United States it becomes the second most advanced economy of Asia. South Korea's international outlook can be judged with its alliance with the United Nations, WTO, OECD and G-20 economies. It is also a founding member of APEC and the East Asia Summit and major non-NATO ally of the United States. South Korea has a high-tech and futuristic infrastructure making it a global leader in technologically advanced goods such as electronics, automobiles, ships, machinery, petrochemicals and robotics. There are leading South-Korean companies operating successfully in India in the fields of Energy, Food Processing, Chemicals, Shipping, and Heavy Industries, Petrochemicals. To name a few such companies are, DOOSAN, LOTTE, Samsung Chemicals, Hanjin, Hyundai Heavy industries, GC Caltex etc.

Prime Minister Manmohan Singh with President Lee Myung-bak

India and South Korea has recently decided to develop engagement in civil nuclear energy cooperation as well as space activities including the launch of Korean satellites by India. In view of the large Korean business presence in Tamil Nadu, the Republic of Korea (ROK) expressed interest in opening a new Consulate General in Chennai while welcoming India's decision to open a new Defence Attache's Office at its Embassy in Seoul before the end of the year. The two sides exchanged views on the Asia-Pacific region, including enhanced cooperation and coordination between them, and agreed to work closely together in the East Asia Summit as well as in the ASEAN Regional Forum and the ASEAN Defense Ministers' Meeting Plus (ADMM Plus).

MESSAGE FROM THE AMBASSADOR

H.E. Kim Joong-Keun
Ambassador of the Republic of Korea to India

Korea and India are geographically apart, yet they share centuries-old relations. The establishment of diplomatic ties between the two countries in 1973, however, marked a watershed in their modern day bilateral relations, registering steady progress over time.

An otherwise steady and friendly bilateral relationship reached its recent high in the year 2010, when the two countries put in force their historic Comprehensive Economic Partnership Agreement or CEPA and also entered into Strategic Partnership during the landmark State Visit of H.E. Lee Myung-bak, President of the Republic of Korea to India.

The visit of Prime Minister Dr. Manmohan Singh to Korea in March this year has further deepened the strategic partnership. Reflecting the strategic nature of their partnership, both countries are expanding their cooperation in a number of areas, including defence and security.

The Korea-India Comprehensive Economic Partnership Agreement has unlocked the huge untapped potential of our economic relations and surged two-way trade and investment. Since CEPA has come into force, trade between the two countries has registered phenomenal growth of almost 70%. In 2011, bilateral trade reached 20.6 billion US dollars from less than 1 billion US dollars in 1991. Today, Korean investment in India stands at 3 billion US dollars, while Indian companies have invested over 1 billion US dollars in Korea. Around 400 Korean companies are doing business in India. Hyundai Motors has 20 per cent market share in the domestic passenger car segment, while LG and Samsung have 40 to 60 per cent share in the domestic electronic goods market. Korean steel giant, POSCO's 12- billion US dollar mega steel project in Odisha by far remains the single largest foreign direct investment ever made in India.

Impressive growth in bilateral trade and investment notwithstanding, there remains enormous scope for further augmentation, befitting the true economic potential of the two countries. The two countries have, therefore, set a new target of 40 billion US dollars of two-way trade by 2015. Besides, Korean companies, based on their core strength, are actively looking for investment in India particularly in areas such as nuclear energy, defence industry and shipbuilding.

In tandem with robust economic and political cooperation, the cultural and people to people exchanges have also witnessed a steady progress. The successful celebration of the 'Year of Korea in India' and the 'Year of India in Korea' in the year 2011 has further cemented the bilateral cultural relations. We are also going to open a Korean Culture Centre in New Delhi by the end of this year as also celebrate 40 years of diplomatic relations next year. A promising future beckons both Korea and India and the two countries are determined to realize the full potential of their relationship.

THE ONE ON THE LEFT
IS KOREA'S LEADING PREMIUM SUV MAKER.

SSANGYONG | Mahindra Rise.

THE ONE ON THE RIGHT
IS BRINGING IT TO INDIA.

INTERPACE 281270

SSANGYONG: Driving all the way to India

Apart from being the president for the automotive and farm equipment sectors in Mahindra & Mahindra, you are also the chairman for Ssangyong, which saw a 30% volume growth last year. What plans are being made to ensure this kind of volume growth this year?

We have indicated a volume target for Ssangyong at 123,000 units for 2012, which is a 8.8% growth over last year. Given that the automotive markets in Europe and Korea are stagnant, this is a good growth on top of a 38.2% growth last year. Our volume growth target is driven by several facelift and refresh models which have already been launched including Korando Sports in January, Rexton W in June and Rodius Euro in July. Later in the year Ssangyong will also launch a gasoline variant of Korando. All these launches have been very well received in the market and we are reasonably confident of achieving our sales volume target for the year.

To what extent do you think would Ssangyong deal help Mahindra & Mahindra in penetrating into the international markets considering the company's aim of taking its SUVs to markets in places such as Brazil and South Africa?

We already collaborate with Ssangyong in South Africa where Mahindra South Africa (MSA), a subsidiary of M&M, distributes Ssangyong products. We are evaluating several other markets where we can collaborate over a period of time. We are proceeding with caution in this area as there are many stakeholders like distributors and customers whose interests have to be taken into account. We also consider other factors such as brand and market positioning before deciding on the extent and timing of collaboration in international markets.

There is big news of Mahindra & Mahindra launching Ssangyong in the Indian market in October-November this year. What are your hopes from this launch? What expectations should a consumer keep from this development?

Yes, we will be launching the Rexton in India. This product will position us in the premium SUV segment beyond XUV500 and hence it is a very significant launch in terms of overall brand development. As Mahindra has always done we expect to provide consumers a luxury SUV at a value price.

You are often referred to as the father of the Scorpio. Are there any such marvels from Ssangyong one should know about?

Rexton is a time tested product platform of Ssangyong. The new product Korando-C which is the first monocoque product from Ssangyong is also making its mark. We have also recently announced development of a new compact SUV by Ssangyong to be launched in the next 2-3 years which we believe will take Ssangyong to a new level within the automotive industry.

How lucrative was it for Mahindra & Mahindra to invest in a South Korea based company from the FDI perspective?

We invested in Ssangyong in 2011 with a long term perspective, given the immense potential for synergistic collaboration. It is too early to evaluate the success of the investment, but we are absolutely confident that we are on the right track. The two companies have complementary strengths and capabilities, and we have the right combination for achieving our long term vision.

How has your experience been in dealing with the South Korean authorities? What were the challenges you faced while refurbishing Ssangyong?

We are very happy with the proactive cooperation that all Korean authorities have extended to us to facilitate our doing business with Korea. We have found government authorities to be prompt, responsive, business-oriented and investor-friendly. Ssangyong's main challenge has been to fill up the product pipeline, recruit sufficient R&D manpower, and a brand building exercise which got affected during its years of receivership. On all these fronts, it is already in the recovery process and is on track to become a competitive automobile manufacturer.

Mahindra & Mahindra started importing Ssangyong cars into China late last year. How profitable has this step been?

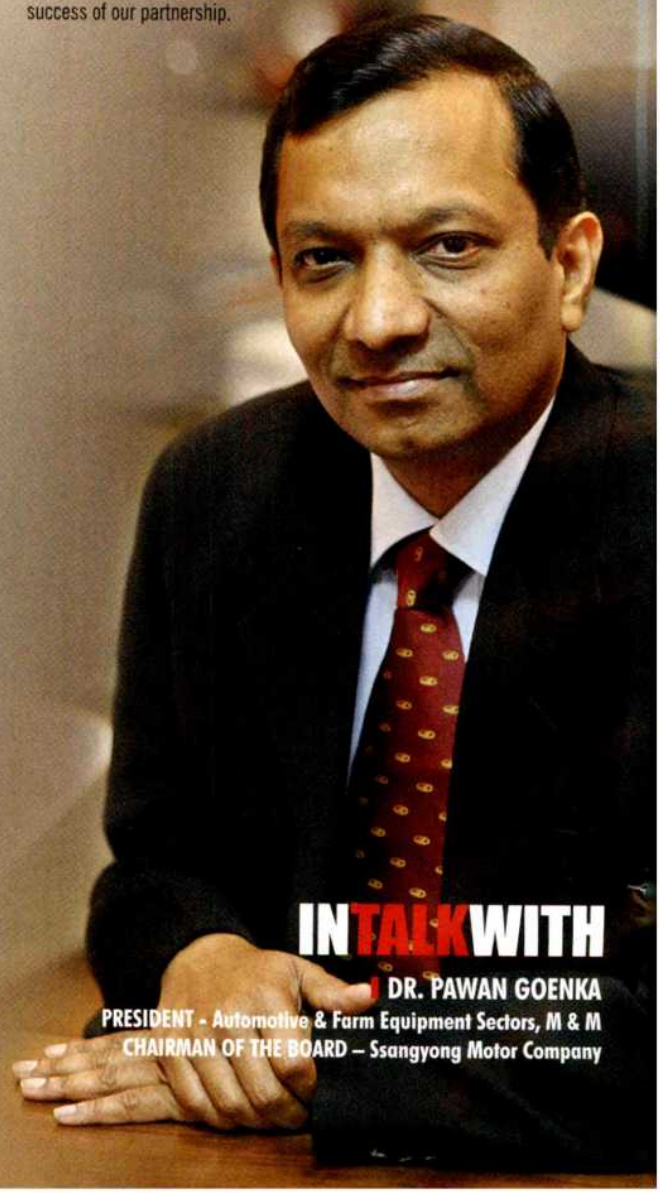
Ssangyong re-entered China in August 2011 through its own wholly owned National Sales Company and two regional distributors for North and South regions. Currently the focus is on building the distribution network and the brand. Though we cannot comment on the profitability of specific markets, suffice it to say that China is a very important strategic market for Ssangyong.

Some people are of the opinion that this is a career defining initiative for you. How convinced are you with this belief?

Ssangyong acquisition is an important milestone in our journey towards achieving our long term vision for Mahindra's Automotive business and the group as a whole. Acquisition and success of acquisition cannot be ascribed to one individual.

Please throw some light on areas such as technical cooperation and shared expertise, and how the two companies have benefitted in these areas.

We see huge potential for synergy in collaboration in product and technology development, and in sharing R&D facilities and technical resources. We are already using each other's R&D infrastructure for testing of vehicles and aggregates. We are also working jointly on development of future technologies which will be applied in Ssangyong and Mahindra vehicles. Many of our future products and aggregates, currently under development, will be built on shared and jointly-developed platforms. We believe that this is the biggest area of collaboration and synergy, and it will be the cornerstone of the success of our partnership.



IN TALK WITH

DR. PAWAN GOENKA

PRESIDENT - Automotive & Farm Equipment Sectors, M & M
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LAST BUT NOT LEAST

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India's New Cult

Cooking shows are inspiring couch potatoes to enter the kitchen – and not just to fetch a snack but to actually cook, says Manasi Mithel

PHOTOGRAPHS BY ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

FOOD GROUPS

Lots of people celebrate their birthday with an exotic meal. But what made MakeMyTrip.com founder and CEO Deep Kalra's meal – Thai chicken and salad – extra special was that it was cooked by his 10-year-old son Armaan, a *MasterChef Australia* fan. "Both my kids watch the show all the time," says the July-born Kalra. "If they have to travel or study, they record it to watch later."

Young Armaan has plenty of company. Food-related TV programmes have spawned a cooking cult in India, and many devotees are children. The third season of *MasterChef Australia*, which ended in November 2011, earned host channel Star World a 74 per cent market share in the General Entertainment Channels category. TAM Media Research, an industry-authorised organisation that tracks viewership, estimated that *Chakh Le India* had 5.5 million viewers from January 8 to April 7. What with these shows and *Zee Khana Khazana*, several shows on Discovery Travel & Living, and the Food Food channel, Indian audiences' cup runneth over. Party conversations are peppered with names such as Nigella Lawson, Donna Hay and Gordon Ramsay.

What yeast does for dough, cooking shows are doing for middle-class Indians' awareness about exotic food. Mumbai food consultant and writer Rushina Munshaw Ghildiyal, a self-confessed *MasterChef Australia* addict, says: "When I was a kid, hot-and-sour soup was the most foreign food I knew. My kids today are aware of all kinds of complicated ingredients and foods."

Rising awareness is spurring culinary adventures. Far from being armchair chefs, many viewers are invading that former fiefdom of the matriarch and the *maharaj* – the kitchen. The more avid among them are seeking out workshops and classes to beef up their cooking skills.

Given rising demand, many who have culinary chops are venturing into teaching. Cooking classes are thriving, thanks to the enthusiasm stirred up by TV chefs. Among the teachers is Kishi Arora, a Delhi pastry chef and consultant for Godrej's Nature's Basket gourmet grocery stores. Among her recent workshops was one in Gurgaon, near Delhi, that focused on different types of cheese.

In Mumbai, Ghildiyal, influenced heavily by her own addiction to cooking shows, is setting up what she calls India's first cooking studio, which is essentially a high-end cooking classroom. Here, she says, every student will have his or her own cooking station, just like on *MasterChef Australia*. She says it will be like a "fantasy kitchen", with a well stocked pantry, and bells and whistles. Fees will range from ₹1,500 for two hours to ₹7,000 for an entire day. Course themes will include healthy cooking, classes for kids, and special diets.

Growing awareness has made life a little easier for gourmet chefs. "Four years back, when I started this business, no one knew about Bavarian filling, *yuzu* or Japanese lemon, French lavender, Valrhona chocolate and *financier*, a type of French cake," says patissier Arora, who delivers desserts in and around Delhi. She takes orders

Viewership for TV shows (2012)

NDTV GOOD TIMES

Chakh Le India

Viewers: **5.5mn**

FOOD FOOD

Sanjeev Kapoor's Kitchen

Viewers: **3.5mn**

STAR WORLD

MasterChef Australia (2011)

Viewers: **3mn**

Source: TV Channels

Skillet skills: Gurgaon teacher Rupali Kalra (far right) says class size has nearly doubled to 20 in two years

through her website, www.foodaholics.in, or on the phone. She saves a few minutes on every phone order, as she spends less time explaining ingredients and types of cakes to customers.

The cooking craze has spawned whole new careers. Five years ago, Aditya Bal was planning a film career. Now he is a celebrity chef, with his own shows on the NDTV Good Times channel – *Chakh Le India* and *Chakh Le Academy*. A self-taught cook, he says: "I worked part-time in restaurants in Goa and Mumbai for a good three years before I got where I am today."

Bal says he is still learning. For half the year he works as a chef in Goa and Mumbai, where he is on his feet for a good 12 hours a day, sometimes whipping up as many as 300 plates in three hours. The rest of the year, he works as a TV chef, which sometimes takes up 18 hours of his day. As if all this is not enough, he now wants to start his own cooking class.

Sanjiv Sakhuja's career was inspired by one of India's earliest cooking shows. A decade ago, his father Shiv Chander, who owned a paint factory in Mumbai, spent his retirement years watching Sanjeev Kapoor's *Khana Khazana* regularly, pen and notebook in hand. He would write down nearly every recipe from the show. "We would sit and watch the show with him, and he would tell us this was the greatest asset he was leaving for us," says Sakhuja. The senior Sakhuja's file of notes – complete with an index for different kinds of foods, show timings and air dates – passed on to his children when he died. Today, Sakhuja owns four restaurants in Adelaide, Australia. Every weekend, his restaurants cook something from his father's recipe trove. Sakhuja's sister helps him run the restaurants, and both her children, in their twenties, study at Le Cordon Bleu, the famed network of culinary institutions.

Chef Sanjeev Kapoor pioneered the desi cooking show with *Khana Khazana* on Zee TV, which aired between 1993 and 2011. He launched the 24-hour Food Food channel in 2011. Malaysia's Astro All Asia Networks PLC now owns 50.1 per cent, and the Mogae Group owns 10 per cent. Sanjeev Kapoor owns the rest. "The potential of this medium is phenomenal," says Kapoor. "Successfully making a dish motivates people to cook more." According to the channel, the average weekly viewership of its most popular show, *Sanjeev Kapoor's Kitchen*, is 3.5 million.

Viewership ratings are only one measure of Food Food's success. Kapoor and other show hosts on the channel conduct 20 cooking events every month around the country. Kapoor charges up to ₹4 lakh for a three-hour appearance. The channel pitches some 120 brands of kitchenware, food and drinks. He says there is also demand for products used on the show. "People aspire to have better kitchens," he says. "At the cooking events, people ask where they can buy the tandoor, mixer and knives I use on the show."

Demand for products has fuelled Kapoor's other venture, Wonderchef, a two-year-old company that sells cookware. Its products are sold via stores, around 50 websites and shopping channels. Kapoor says that in a 90-minute show, products worth ₹10 lakh are sold. Wonderchef sales were ₹35 crore in 2011/12.

Clearly, TV audiences today are a hungry mob. ◆

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JOEL RAI

Compact Yet Complex

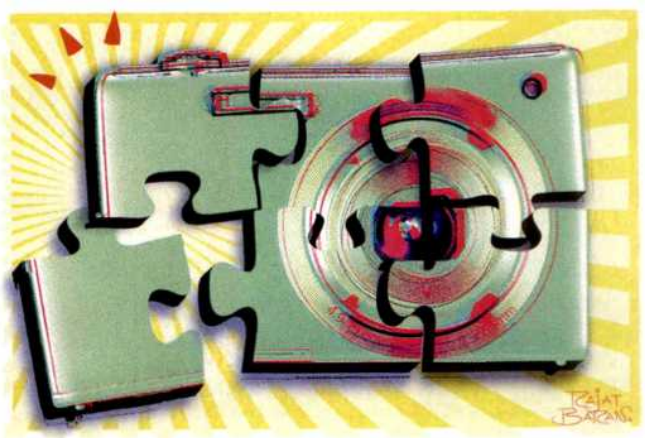
Point-and-shoot cameras nowadays come overloaded with redundant features

I bought my first single-lens reflex (SLR) camera over 20 years ago. It was a state-of-the-art Minolta with electronic autofocus and a digital display, though it still captured pictures on film. Then I bought a Canon compact and the Minolta seemed like a museum piece. Now I also have a Nikon digital SLR (DSLR). I use the Canon sometimes to take panorama shots, a feature unavailable on the Nikon. But for my own egoistic, and also photographic, purposes I prefer the DSLR, even though I know the Canon has as many modes and effects, and as big an optical zoom. Indeed, the compact also has a super macro mode that has bested all the efforts of the bigger, better Nikon.

Most compacts today are way ahead of their original agenda of being 'point-and-shoot' cameras, which was to simplify the whole process of creating album images and render it as easy as boiling milk. Gone are the fussy controls of the SLR and the range finders and the mysteries of correct exposure. Now cameras on auto mode themselves decide whether the light conditions demand additional flash illumination or not.

The digital compact is not called a point-and-shoot for nothing. You literally point it at a subject and press the button. But as its simplicity brought buyers to the shops like never before, market forces took over. The International Data Corporation estimates that in 2012, 16.7 million DSLR cameras and 130.6 million compacts will be sold. But with $40 billion – the estimated size of the digital camera market – at stake, the war to corral buyers has ironically begun to revolve around the strategy of making the compacts more sophisticated.

Today, when you go to buy a compact, do not expect your decision to be influenced by just the looks – thick, thin, retro, modernistic, straight, curvaceous – or the colour. The array of features will leave you confounded. Forget the usual suspects of the photo world – the modes (auto, programme, aperture, shutter or manual), white balance (auto, daylight, tungsten, fluorescent) and the effects (indoor, portraits, landscape, night, panorama). Forget even the sensor megapixels (MP) or the optical zoom. There are numerous other infuriating choices to make.



Nikon has compacts that come with in-built projectors. Samsung offers you an extra, front-facing screen. Olympus has a compact with a 'beauty' mode that lets you manipulate the skin colour in a photograph to suit your aesthetics. Canon was among the first to enable its point-and-shooters to pick a single colour – except for the chosen hue the rest of the picture is in monochrome. Sony brought in sweep panorama. Samsung has released the first Wi-Fi-enabled point-and-shoot. And if 3D is what satisfies your creativity, think no further than a Fujifilm or a Vu.

The compact today masquerades as a simple machine, when it is, in fact, packed with a mind-boggling complexity. It is also an overkill of technology. I asked a tech writer who is an expert on imaging devices whether the point-and-shooter actually needs the complications of his device. "No," he said rather emphatically. "Some may experiment, but most people use the basic camera functions set to the auto mode, everything else is an overdose." He added that the features of these cameras attract buyers but will not be used by them. "Like most iPad buyers I know," he adds. "I know MBAs and editors who have iPads and iPhones and have never downloaded a single app in three years!"

I would simply suggest that you buy a compact with a good sensor (CMOS above 12 MP), optical zoom of 10X or above, the usual auto and PSAM shooting modes, rechargeable batteries, a big display of above three inches and with a slim form factor. ◆

The writer is Executive Editor, Gadgets & Gizmos

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SHAMNI PANDE

Influence Beyond Authority

How to get work out of people who do not directly report to you

SANTOSH

It was a long diatribe from a frumpy secretary that set the manager thinking. She had come to him to clear up some matter that was troubling her boss, but instead sat down and began to relate her own problems. "Look at me, I have to deal with people across levels from the peon and the courier chap to accounts, administration, my boss's boss, it's never ending," she said.

The manager realised he too faced similar issues in a different context. He also dealt almost hourly with multiple layers of people, including overseas colleagues, involving them in whatever needed to be done, even though none of them reported to him.

The ability to influence those over whom a manager has no direct authority is a vital cog that keeps corporate wheels moving towards goal achievement. "It is critical today for people to be effective while dealing with cross-functional teams," says Mitali Bose, Practice Leader, Managing Consultant, Hay Group.

It is a big challenge in many organisations. "Many companies come to us seeking training in this skill-set for their mid and senior level managers," says Anupam Sirbhaiya, Regional Director, India, Centre for Creative Leadership.

The skill-set becomes increasingly important for young managers as they rise to higher positions and have a larger set of interactions to factor into their key responsibility areas. According to HR experts, it helps to map your work environment thus:

Authenticity: Every manager has a dominant personal style which impacts the nature and extent of his influence. Leading management thinkers believe authenticity is most important – the style must be one that conveys the manager's sincerity. "It is your most precious commodity, and you'll lose it if you attempt techniques that don't fit your strengths," says Marcus Buckingham in 'Leadership Development in the Age of the Algorithm', published in the June issue of *Harvard Business Review*.

Stakeholders: Even seasoned leaders sometimes get so drunk on their own power, they fail to acknowledge there could be others just as powerful. It is important to take stock of key people at different levels whose cooperation is needed to get work done.

Understand people's hot buttons: Once you have figured out the above, you need to understand each one's dominant style. Some like to be persuaded, others want to know what is in it for them, still others work only when inspired by a larger goal.

I suggest those grappling with this challenge pick up a copy of Gary Yukl's *Flexible Leadership*. They should also reflect on the various styles of interaction they see around them. Many people have a combination of interaction styles – that includes autocratic, collaborative, negotiating and inspiring approaches – which complicates matters.

There are tools available to help you develop this skill as well. These include the Fundamental Interpersonal Relations Orientation-Behaviour technique, popularly called FIRO-B, developed in 1958 by William Schutz. ◆

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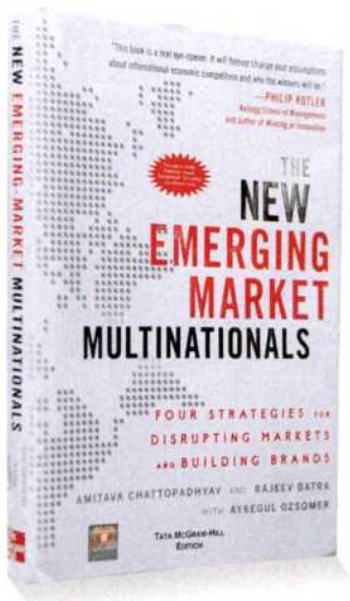
The MNC World Is Flat Too

The book analyses 39 cases of multinational corporations coming out of emerging markets

Until the 1990s, multinational companies from the developed world were the ones with all the advantages. They lorded it over markets with their mammoth budgets, their vast reach and capacity to spend on research. Local companies were mostly restricted to either throwing price challenges at these MNCs or offering a local customisation the bigger companies did not care to pursue.

But much has changed since. Some erstwhile 'local companies' from the emerging markets have themselves turned MNCs. I remember once speaking to Praveen Jaipuriar, Dabur's Senior General Manager for Marketing, who had this to say: "We know if we do not have a certain capability, we can acquire it or even pay and get the best in the field to do the research for us." It sums up the approach of the emerging market MNCs. That is not all. These emerging giants are also swooping down to buy companies in other countries.



The New Emerging Market Multinationals
By Amitava Chattopadhyay and Rajeev Batra with Aysegul Ozsomer
Tata McGraw-Hill
Pages: 335
Price: $35

They are making many strategic moves while competing in a global setting. Most of them, for instance, are aware the advantage in pricing they enjoyed is now getting constrained. Only a combination of initiatives welded seamlessly together will keep them flourishing. "Today the foreign players can match and compete (with us) on any parameter," says Parag Desai, Executive Director of Gujarat Tea Processors and Packers – owner of the Wagh Bakri brand.

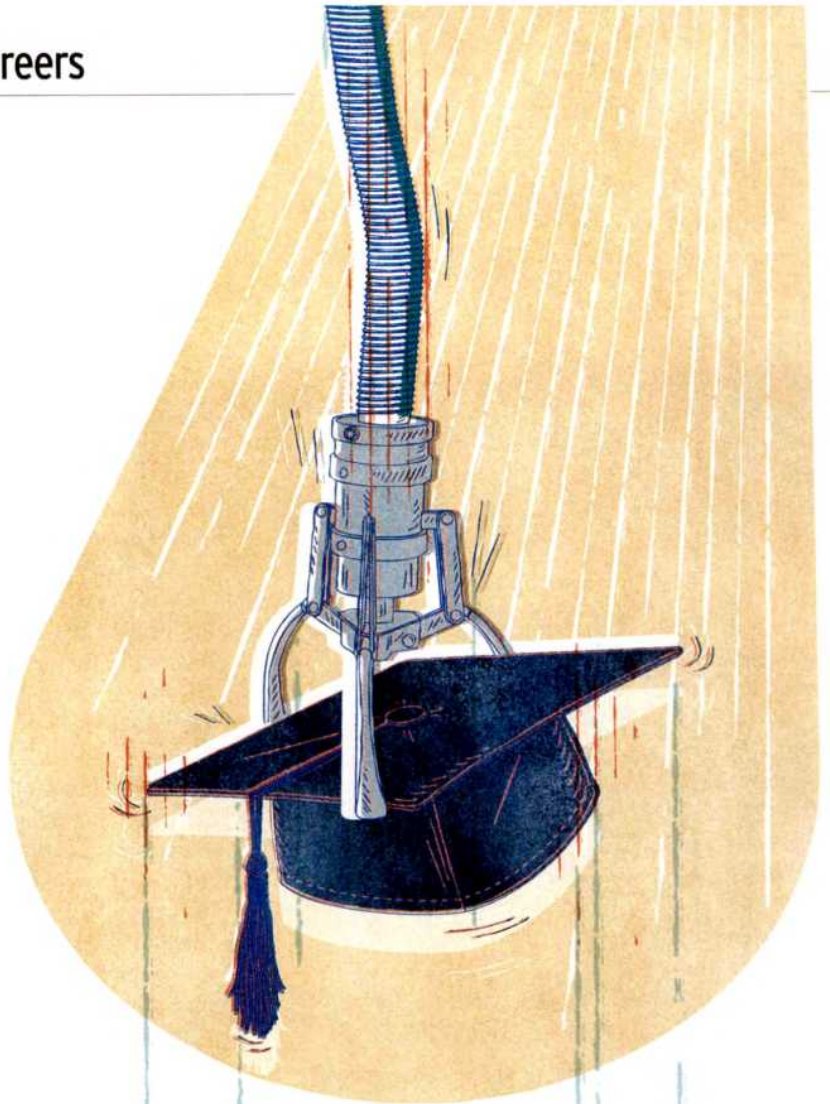
An early book on the subject was *Emerging Multinationals in Emerging Markets* edited by Ravi Ramamurti and Jitendra V. Singh. It noted the emergence of the new MNCs and the reasons for their spread. There was also another book, *Winning in Emerging Markets* by Tarun Khanna and Krishna G. Palepu, which addressed foreign companies interested in entering territories such as Brazil, India and China. The latest, the one under review, looks at 39 cases of emerging MNCs (EMNCs) from India, Sri Lanka, China, Turkey, Taiwan, Thailand, S. Korea, Singapore, Brazil, Mexico, Saudi Arabia and Jordan.

The authors have spliced and diced the strategy pursued by the EMNCs in numerous ways, analysing closely how they tackle management and human resource related issues overseas to their advantage. After examining each aspect of their functioning, the key takeaways are listed at the end – which can serve as a useful handbook for managers. Every angle of the business has been analysed, including the way EMNCs have forged successful partnerships even with third-party vendors overseas, and how they work under the radar to improve quality.

Sometimes the poor image of the country the EMNCs originates from can affect its performance. "Titan's Bhaskar Bhat explicitly said to us that his company thought its Indian country of origin was a major reason why its seven-year effort in Europe to market a global watch did not succeed," say the authors. But they do not stop at merely highlighting the problem, they also show how another company, Temsa, one of Turkey's leading automotive firms, tackled it. Saying more would be giving away too much. It is enough to say this book is worth not just a single read but many, and should set off some robust soul searching among companies that harbour EMNC ambitions. ◆

SHAMNI PANDE

The book is worth not just a single read but many. It should set off some robust soul searching among companies that harbour emerging MNC ambitions



RAJAT BARAN

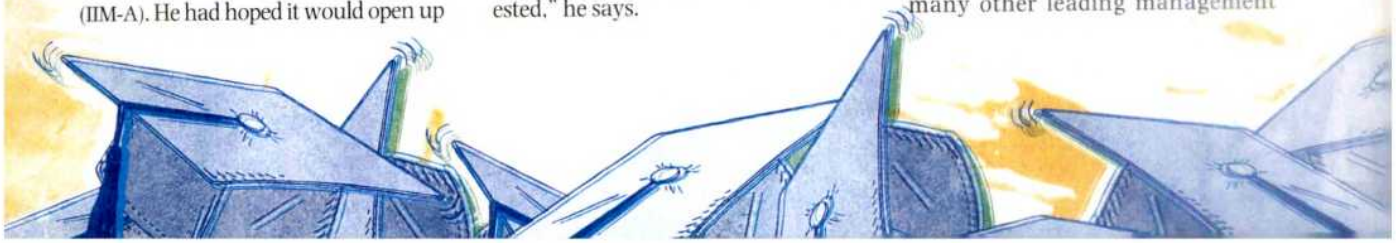
Part-time or Waste of Time?

The utility of part-time MBA courses is debatable, unless they are company sponsored, says Manasi Mithel

Five years ago, Neeraj Arya, now a deputy manager with a telecom company, enrolled for a short duration, distance learning management programme being conducted by arguably the most prestigious business school in the country, the Indian Institute of Management, Ahmedabad (IIM-A). He had hoped it would open up new career options for him. But after attending a few interviews once he had completed the course, he realised to his shock that it would do no such thing.

"As soon as my interviewers heard I had done a distance learning course and not the regular postgraduate programme, they were no longer interested," he says.

Thousands of young people who are already employed, but who, for various reasons, missed out on traditional management education, take such part-time courses – often conducted long distance, using satellite – hoping to improve their career prospects. Though IIM-A has stopped them, many other leading management



schools such as IIM, Bangalore and Lucknow, XLRI, Jamshedpur, and Indian Institute of Foreign Trade, Delhi, persist with these courses. Nor do they come cheap, costing between ₹3 lakh and ₹7 lakh for a year's programme. But most of those who enrol for them are cruelly disappointed.

"We open about 35 to 40 programmes a year and each one has around 100 to 200 people enrolling in it," says Aman Uttam, Director, Onyx Education, a satellite service provider for a number of institutes. Lectures are held in virtual classrooms, conducted via satellite-video-conferencing from different centres.

Why are employers unimpressed? It is primarily because, unlike in a regular MBA course, where the selection process is rigorous, almost anyone who wants to – and pays the fee – can enrol for part time courses. "There is a lot of competition to get into the MBA programmes offered by reputed schools. This is not perceived to be the case with executive MBA courses," says Ruchi Bajpai, senior HR consultant with Elixir Consulting, a recruitment and search firm.

Some also blame the candidates' expectations and motives. "This mismatch arises because candidates assume that their employability quotient will leap up to the level of a full-time MBA," says Naveen Narayanan, Global Head – Talent Acquisition, HCL Technologies. Again, for many, the aim is not to learn more, but simply to get ahead professionally. "Employers need to know exactly why a candidate has done a particular part-time course Randomness will not help the candidate's chances," says Jordan T. Misra, Managing Director, Spearhead Intersearch, an executive search consulting firm.

But there is one exception: taking a management course sponsored by the employer could well boost the candidate's promotion chances within the organisation. "Companies want their employees to get this kind of education to be able to perform tasks better," says Aditya Narayan Mishra, President, Staffing, and Director, Marketing, at HR firm Randstad. Some also pay for such courses in an effort to retain employees they consider valuable, often making those sent for them sign bonds promising to stay with the company for a minimum specified number of years.

Avantha Group's Ballarpur Industries Ltd (BILT), for instance, India's largest paper manufacturer, has tie-ups with half a dozen premier business schools such as Harvard Business School and London Business School for short-term advanced management programmes for its top level management. For mid-level employees it has tied-up with the Asian Institute of Management in Manila. Those selected for such courses often get promoted thereafter. "We are very particular about return on investment," says S. Mohan, Vice President, HR, BILT. "If our own people want to learn more it is better for the company. We can avoid recruitment costs and the costs of grooming a fresh candidate."

Better still are courses designed by an institute for a particular company, which address the company's specific needs. Taking such courses certainly helps employees. But though IIM-A has prepared and conducted a few of these after consultations with concerned company executives, Bajpai of Elixir Consulting notes that there have been very few of them so far in India.

"Most part-time management courses see a high level of dropouts and a low level of commitment," says Premchander, a visiting professor at IIM-A. "But when a company itself is investing time and effort, as in our customised programmes, candidates are more committed to getting the best out of it." ◆

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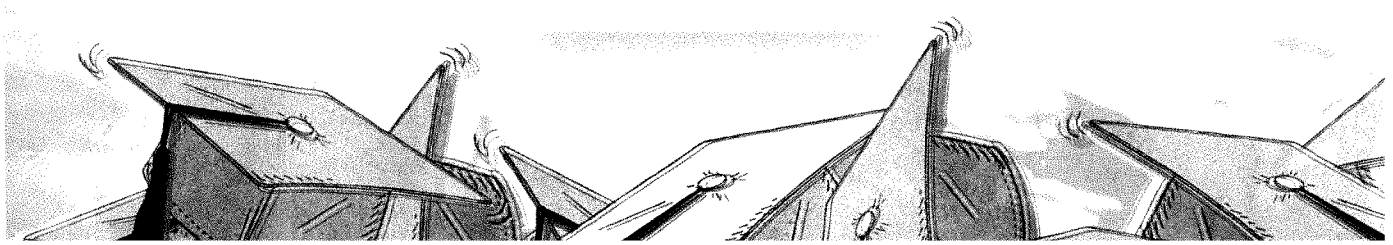
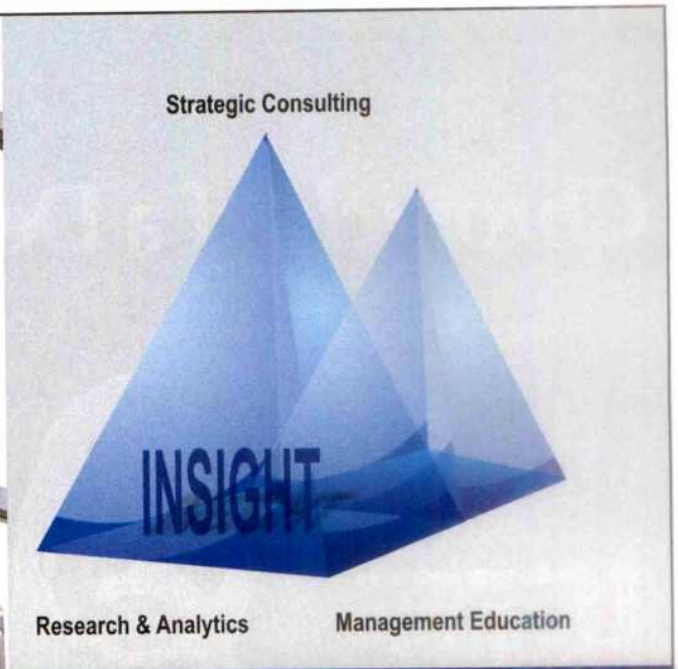
*Inclination figures for 100 candidates
Source: Elixir Consulting





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Chronicle of a Debt Foretold

T. Venkattram Reddy
Chairman, Deccan Chronicle Holdings

Unlike large parts of the country, which are facing a drought, Hyderabad has had unusually heavy rains this year. But the respite from the heat would have brought little comfort to **T. VENKATTRAM REDDY**, 52, Chairman of Deccan Chronicle Holdings Ltd (DCHL), which, among other things, runs *Deccan Chronicle*, the city's leading newspaper. His company faces heavy debts and a severe cash shortage.

In 1976, *Deccan Chronicle*, begun in 1938, went bankrupt and was taken over from the original promoters by the late T. Chandrashekar Reddy, father of Venkattram Reddy. Subsequently, he handed over charge to his sons, Venkattram Reddy and T. Vinayak Ravi Reddy.

DCHL's woes were compounded when rating agency CARE downgraded it in July for defaulting on debenture payouts. One of the bondholders, IFCI, has moved the debt recovery tribunals in Delhi and Hyderabad, as well as the Andhra Pradesh High Court, to recover its dues of ₹27.80 crore. The brothers Reddy also own an Indian Premier League (IPL) team, Deccan Chargers, which won the second season of the tournament held in South Africa in 2009. A London court has now ordered Deccan Chargers to pay its former CEO Tim Wright about ₹90 crore for breach of his job contract.

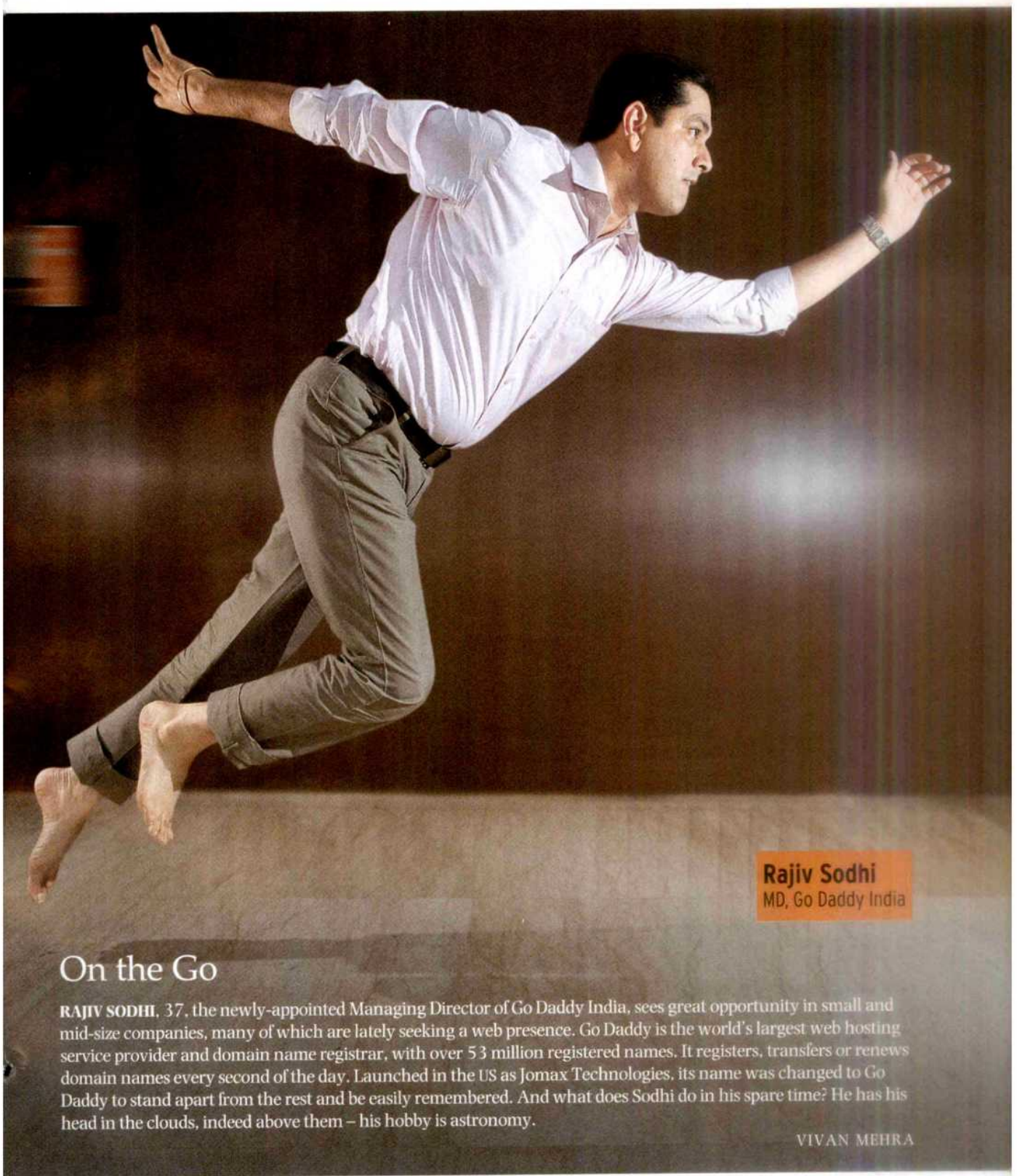
Responding to the crisis, the brothers Reddy and another promoter, P.K.Iyer, have pledged the bulk of their 74 per cent stake with financial services firms Future Capital and Religare Finvest. But stock broking firm Karvy has complained to the Hyderabad police that some of the shares pledged were already under pledge. The developments have pulled the DCHL scrip down from ₹22.85 on July 26 to ₹12.25 on August 9.

Reddy, a former Congress member of the Rajya Sabha, has always been a tough businessman. In 2005, he took *Deccan Chronicle* to Tamil Nadu, and unleashed a price war there. Apart from cricket, he has also taken the Deccan brand into retail with the Odyssey outlets.

In a recent statement, Reddy held a fall in advertising revenues responsible for his problems. "The net worth of DCHL far exceeds its current outstandings...*Deccan Chronicle*'s value as a 75-year old leading newspaper, the value of its fixed assets comprising land and buildings as well as plant and machinery at multiple locations, and the value of the Deccan Chargers IPL team far exceed the company's debt," he said. Abneesh Roy, an analyst with Edelweiss Capital, agrees. "Ad spends in Andhra Pradesh have been low in the last two years due to the Telangana agitation," he says.

Of late, Reddy, who is known for his flamboyant lifestyle and even owns a few racehorses, is said to be inching closer to fellow media baron and YSR Congress chief Jagan Mohan Reddy. Meanwhile, a couple of rival media houses and a business conglomerate are watching the developments closely. Can Reddy retain his grip on his empire? Speculation remains rife, but no one really knows.

K.R. BALASUBRAMANYAM



Rajiv Sodhi
MD, Go Daddy India

On the Go

RAJIV SODHI, 37, the newly-appointed Managing Director of Go Daddy India, sees great opportunity in small and mid-size companies, many of which are lately seeking a web presence. Go Daddy is the world's largest web hosting service provider and domain name registrar, with over 53 million registered names. It registers, transfers or renews domain names every second of the day. Launched in the US as Jomax Technologies, its name was changed to Go Daddy to stand apart from the rest and be easily remembered. And what does Sodhi do in his spare time? He has his head in the clouds, indeed above them – his hobby is astronomy.

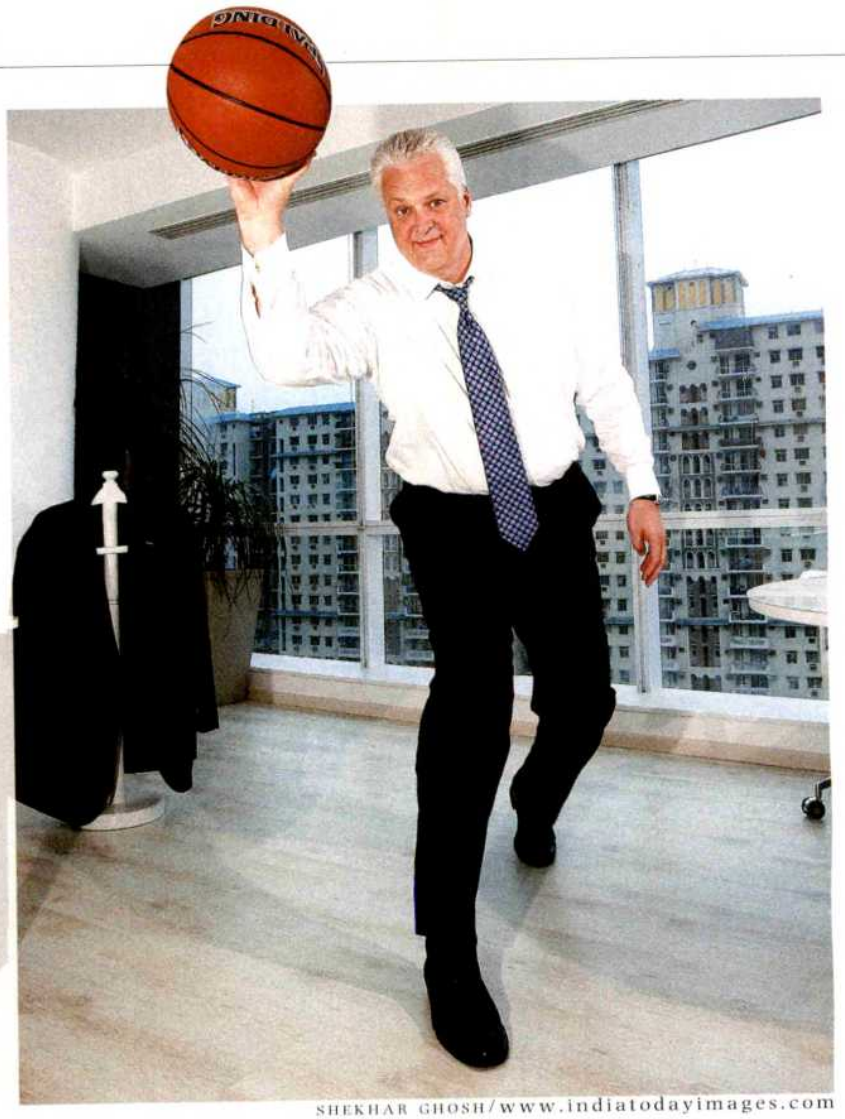
VIVAN MEHRA

VIVAN MEHRA/www.indiatodayimages.com

On the Ball

It was *The Godfather* trilogy that taught this former basketball player, an intimidating 6 feet 11 inches tall, how to do business. **TIM ANDREE** joined Dentsu in 2006 as CEO of Dentsu America and was later appointed Dentsu Inc's first non-Japanese CEO, underscoring the 111-year-old Japanese advertising company's commitment to globalisation. Andree was the 'power forward' when Dentsu bought Britain's Aegis Group Plc in a $4.9 billion deal. "We are an Asia-centric organisation. Aegis is big in Western Europe, the combination will give us tremendous synergy," says Andree, who still keeps in touch with his favourite sport by coaching his six children on weekends, and idolises basketball legend Earvin 'Magic' Johnson.

DEARTON THOMAS HECTOR



Tim Andree
President & CEO, Dentsu Network

SHEKHAR GHOSH/www.indiatodayimages.com

Black Belt Boss

The first thing most Japanese expatriates look for in their country of posting is a golf course. **KENICHIRO HIBI**, the new Managing Director of Sony India, however, is an exception. His passion is karate and he is a Black Belt. Hibi, who has now spent 23 years at Sony, has been shuttling between three countries: his last posting, Russia, India and Japan. "The winter in Russia is tough. I am moving from -45 degree Celsius in Russia to +45 degree Celsius in Delhi," he says. Though, for Sony, the erstwhile Soviet Union markets are currently bigger than India's, he expects India to take the lead in a few years. His very first product at Sony, the Walkman, is also the company's most successful product to date.

ANAND J.

Kenichiro Hibi
MD, Sony India

Sheru Harmeet Aangrish
Co-founder & CEO, Sheru Classic

Brawn and Brain

For **SHERU HARMEET AANGRISH**, whose first name means 'the lion', bodybuilding was love at first sight. Born in Ludhiana in 1978, Aangrish, co-founder and CEO of Sheru Classic Production (SCP), was drawn to the sport watching his older brother Hemant work out. Trained by Hemant, he went on to win the Junior Mr India title at the age of 16. In 2002, while pursuing an MBA degree at King's College, London, he bagged the Mr Britain Championship. "I have seen hardships of sports people and the struggle to achieve their dreams. They have talent and I wanted to help," he says. SCP was granted Asia's first pro show in India – it organised the Sheru Classic Professional Bodybuilding & Figure Championship 2011 held in Mumbai. This year, the event will be held in Delhi on October 6 and will offer a cash prize of $210,000, the world's third largest prize in this category.

DEARTON THOMAS HECTOR

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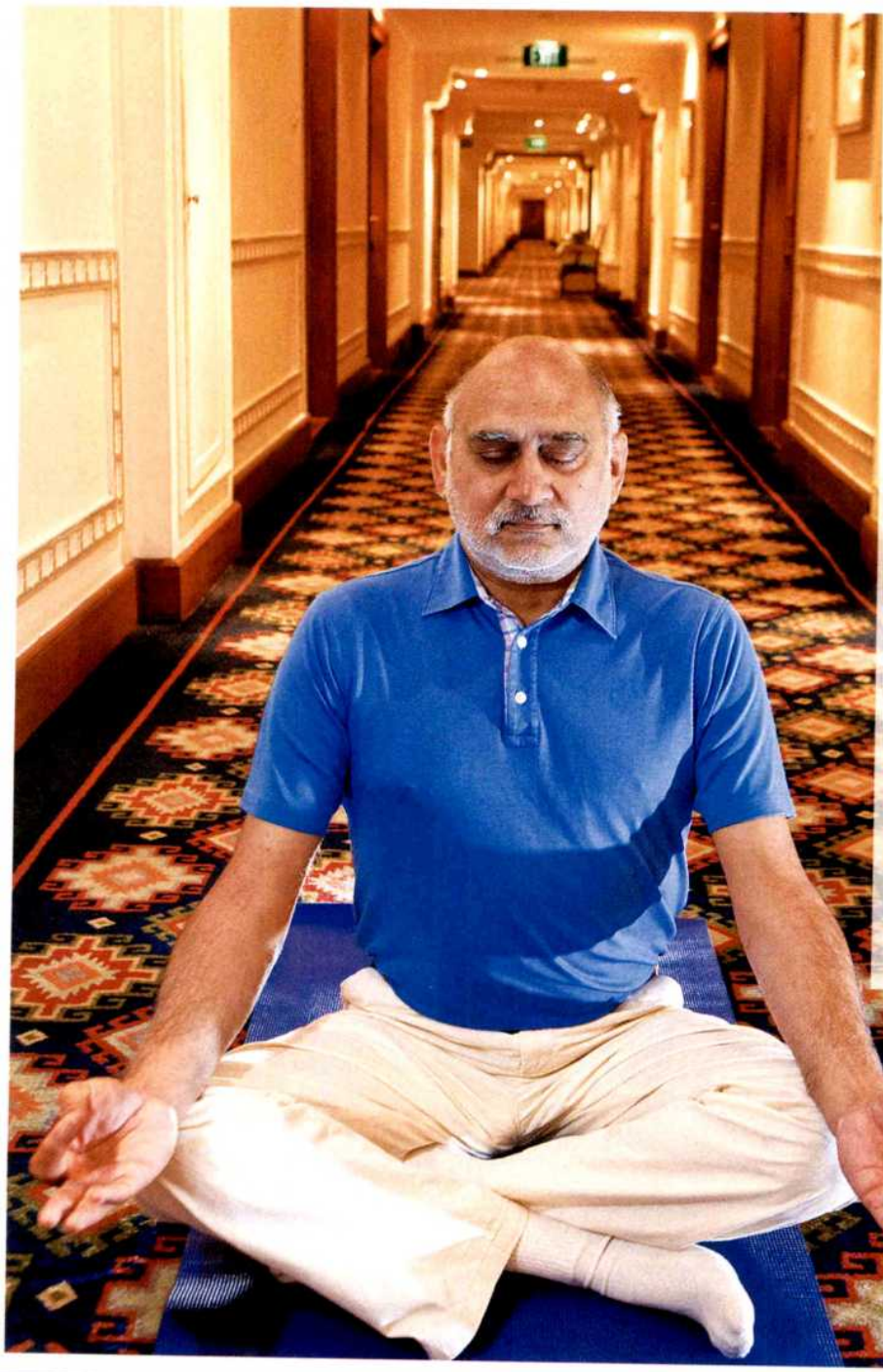

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PARAG SAXENA

Founding General Partner & CEO, New Silk Route Partners

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- ☑ Participative
- ■ Authoritative
- ■ All of the above

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As told to Vivan Mehra

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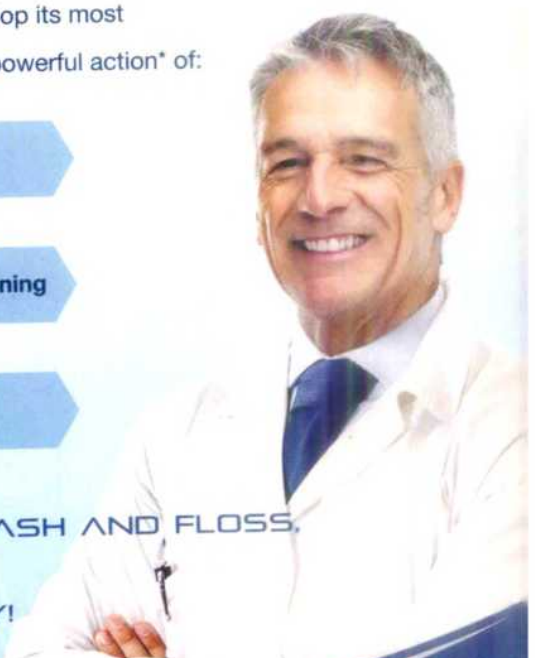

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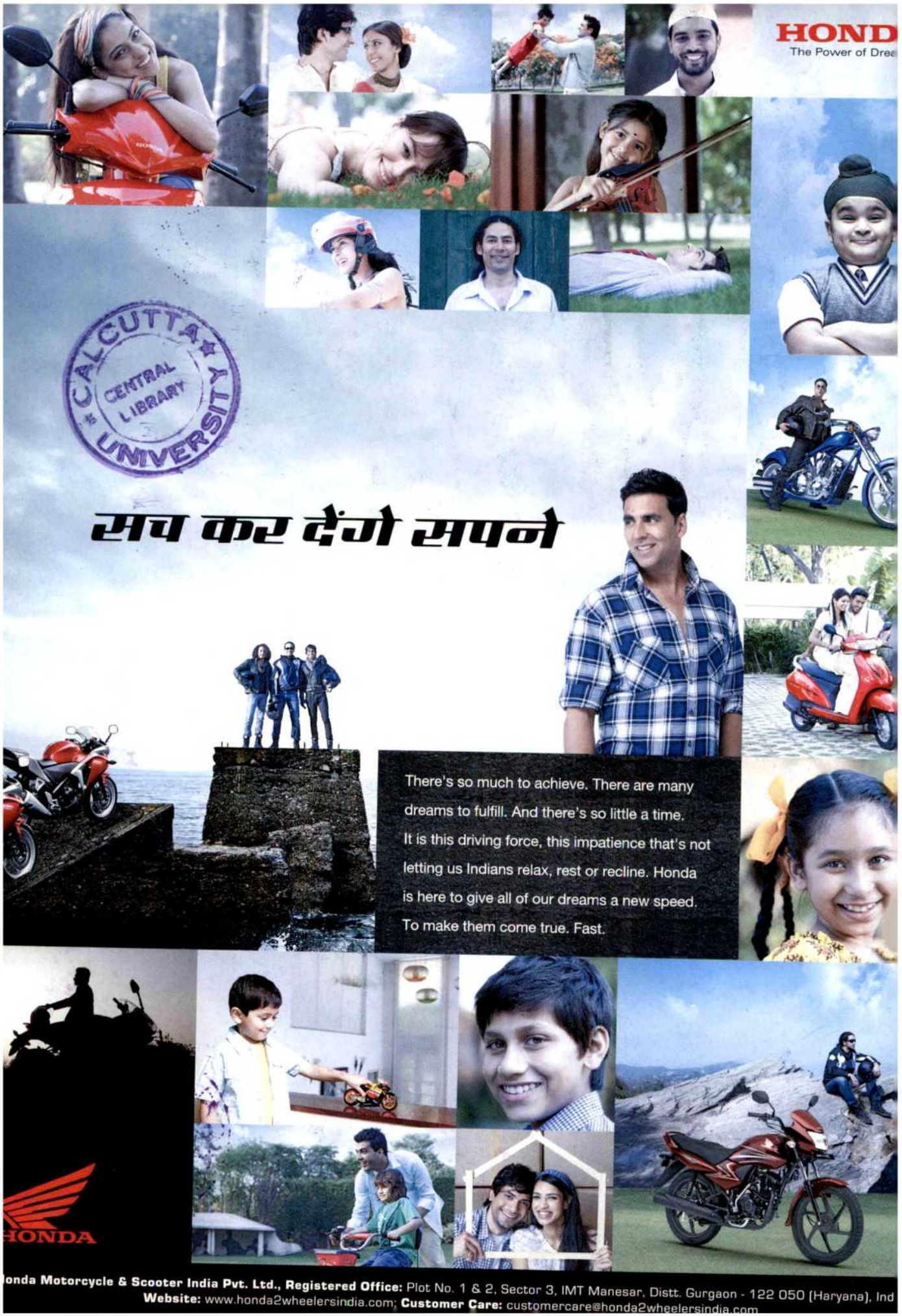

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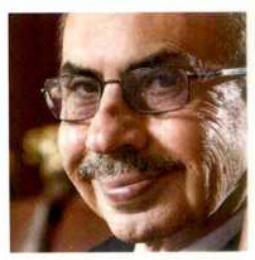

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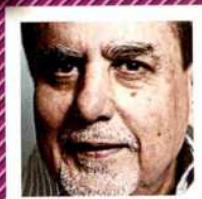

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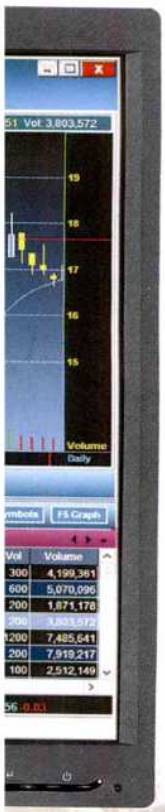
FOR THOSE WHO D



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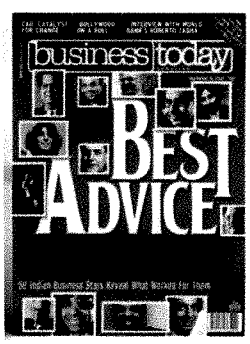
From the Editor

When I find myself in times of trouble
Mother Mary comes to me
Speaking words of wisdom, let it be
Let It Be/Lennon-McCartney

These are troubled times, and all about us is mayhem and muddle-headedness. At *Business Today*, we resisted the temptation to produce one more panegyric to 65 years of freedom (freedom from what, exactly?). Instead, we decided to dig deep into the subconscious and the memories of the men and women who keep our economic boiler room ticking and ask them to share with you the best advice they had ever received. Every one of us gets quite a bit of advice in our lives. It is always free. Often, the best advice is unsolicited. It always leaves a mark. Deeply embedded in our memory, we remember it when casting about for answers to vexing problems, challenges, or situations.

Three and a half years ago, *BT* ran a very popular cover story on The Best Advice I Ever Got. Those were turbulent times too, with the world reeling from the Lehman Brothers collapse and the financial crisis that followed. We emerged from that experience on shaky legs. But now there is a difference. India's own economic star is dimming, and we could do with a fresh dose of energy and plain old-fashioned common sense.

I do enjoy browsing *BT*'s archives – after all we have 21 years to look back at – and often marvel at the uplifting things people have said in these pages. We spoke with 60 people in January 2009, among them Aamir Khan, he of *Satyamev Jayate* fame, who quoted his uncle Nasser Hussain saying "it's always better to go wrong with your own instincts than somebody else's". Also memorably there was B. Ramalinga Raju, who said, "If something takes three months to complete, ask yourself if it can be done in a week." Of course, Raju flamed out, and nearly reduced Satyam to ashes, at pretty high speed soon afterwards.



Happily, the people you will see in this compendium of Best Advice starting on page 48 are all doing well. You will enjoy this very rare and deep look into their minds. And in 2012, nearly every one of the 50 stars who confided in us wrote their thoughts down themselves – they did not dictate them to a *BT* reporter. So these insights are doubly intimate. You will not fail to notice that most of our authors, living through their second serious downturn in five years, are much more variegated in their insights, practical in their formulae, and not in the least platitudinous.

The photographs in this fortnight's cover package are also outstanding. Over the past two years and some, we have taken business photography to a new level, and we believe strongly in marrying the very best of visuals with the very best of text and design. We have one yardstick – will you enjoy pulling out this issue of *BT* five or ten years from now and relish going through these pages all over again? We believe you will, and invite you to take a long, close look.

One man who is taking a long, hard look at the "governance deficit" is Vinod Rai, Comptroller and Auditor General. Its website proudly proclaims that CAG is the "Supreme Audit Institution of India". Rai is regarded with a mixture of elation, trepidation and animus depending on which politician is looking at him. But the triple sledgehammer blows the CAG delivered to the government – which then paralysed Parliament – are not earth-shattering. Rai can look back at an illustrious pedigree. Back in 1989, T.N. Chaturvedi pointed out "irregularities" in the procurement of the Bofors howitzers – a scandal that led to the downfall of the Rajiv Gandhi government. How will the nasty impasse over this CAG's performance audits end? Read about it inside, and in particular do not miss the measured, judicious views on the CAG by former Solicitor-General Gopal Subramanium on page 33.

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
www.businesstoday.in/editor

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THE INDIA TODAY GROUP

Vol. 21, No. 19, for the fortnight September 3-16, 2012.
Released on September 3, 2012.

● Editorial Office: India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301; Tel.: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): A1-A2, Enkay Centre, Ground Floor V.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel.: 0124-4948400; Fax: 0124-4030919; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel.: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel.: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel.: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel.: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off. C.G. Road, Ahmedabad-380006; Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 ●Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301, Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India, Toll free no.:1800 1800 100 (from BSNL/ MTNL lines); Fax: 0120-4078080, E-mail: wecare@intoday.com
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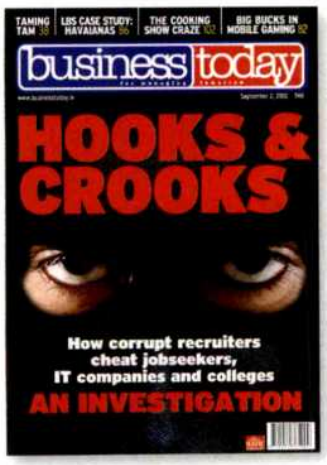

By Hook Or By Crook

I was very shocked to read the cover story, *Hiring Sleaze*. It is so shameful that Andhra Pradesh has become notorious for wrong things like fake experience certificates and job scams. Parents and engineering colleges should take the blame for this. Several parents are forcing their children to study engineering without taking into consideration their aptitude. Students graduating from engineering colleges lack employability skills. The fee reimbursement scheme introduced by the Andhra Pradesh government is also responsible for such scams. Some engineering colleges are offering sops like free bus service, laptops and subsidised hostels to lure students. The story is an eye opener.

Somanadha Sarma, *Hyderabad*

Power Woes

Following the recent power blackout in India, I feel our government has no alternatives in such unforeseen circumstances. Since India has not been able to generate sufficient power for its own requirements due to shortage of fuel, it is high time the government finds alternative resources to meet growing demand. The government should start by reforming the power sector. It is very important to have a strong system and robust infrastructure before inviting foreign companies and declaring yourself an economic superpower.

Ramachandran Nair, *Oman*

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Facebook to remove content that incites violence, hate speech: Then what about our fundamental right – freedom of speech.
Ankur Gupta

Epic Apple, Samsung patent trial wraps up; all eyes on jury now: The ultimate winners will be the Koreans.
Uvais Perumannil

Two-day PSU bank staff strike: PSUs should start applying their policies firmly. This will bring discipline in their employees.
Sahil Makkar

Simple tips to exercise at work@BT_India: How to stay fit despite a busy schedule
akashbatra

Its end is nearing @BT_India: Kingfisher Q1 loss widens to ₹651 cr
razer78

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The HR Maze

The cover story, *Hiring Sleaze*, brings into focus the difficulties of professionals today. Corruption is not new to any system. The role of HR managers has changed a lot and seems to be restricted in making our lives difficult. Their job is to pester professionals on the 'Cost to Company' and their joining dates. They meet us before the functional heads and involve us in the vicious cycle of recruitment. Even after rounds of negotiations, your name might get dropped from the probable list. *BT's* story is timely. It rightly decodes that the malaise is systemic and not particular to any one company.

Sumant Bhattacharya, *Gurgaon*

Sumant Bhattacharya wins the prize for the best letter of this fortnight

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SEPTEMBER/16/2012
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THE BEST ADVICE I EVER GOT

Personal accounts by 50 of India's corporate leaders

ONLINE

WORDS OF WISDOM

We asked several business leaders to tell us the best advice they ever got. Read their columns and see their pictures online.
www.businesstoday.in/best-advice

Interview with Roberto Zagha

Roberto Zagha, World Bank's Country Director for India, in a frank conversation with **Chaitanya Kalbag** and **Sanjiv Shankaran** on the challenges that lie ahead for developing economies. Read the transcript at:
businesstoday.in/zagha

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Surround Sound

SELCO's new incubation centre is an innovative idea, says **E. Kumar Sharma.**
businesstoday.in/kumar

Word Mentality

Indian writers' fondness for abbreviations only confuses readers, says **Uma Asher.**
businesstoday.in/uma

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PODCAST

A Light on Corruption
***BT*'s Goutam Das** talks about some of the scams he uncovered for our Cover Story on recruitment fraud.
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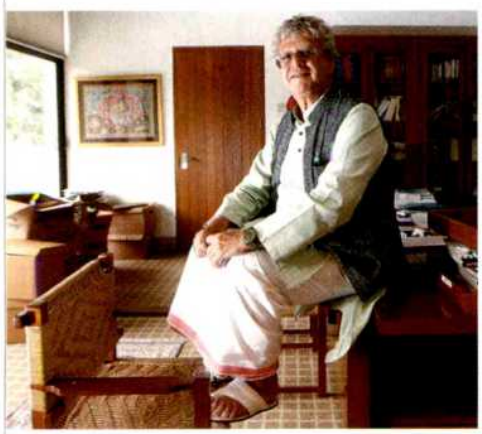

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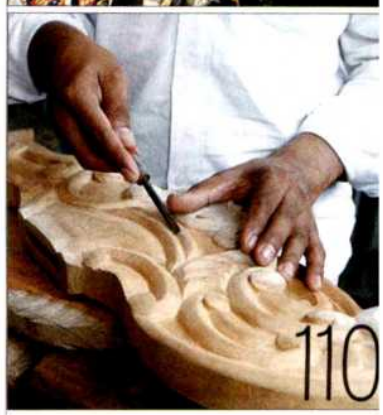

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SMART READER CONTEST

Answer this simple question by September 19 and get a chance to win a Reebok bag.

Indians are flocking to cinema halls like never before. In the past couple of years, prices of multiplex tickets have: (a) Increased 15% to 20% (b) Declined 15% to 20% (c) Remained unchanged

Correct answer to August 19 issue's question: How many towns will the Lavasa project near Pune comprise when it is complete?: (c) Five
Winners: Kani Premkumar (Chennai), Amit Santra (Howrah), Pradeep Doshi (Jaipur)

SMS BTQ <space> a, b or c (your answer) to **52424** or Email your answers with contact details to **win@businesstoday.in**

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ONGC Strikes Again: Oil and Natural Gas Corp has discovered a new pool of reserves in the D-1 field of the western offshore basin. The find may make D-1 the basin's third-largest field, after Mumbai High and Heera fields. ONGC is producing 12,500 barrels of oil per day from D-1 and executing a plan to ramp up output to 36,000 barrels per day by February 2013. The latest find will help raise output to 60,000 barrels per day from January 2014.

Corporate

Infosys won a reprieve when an Alabama district judge ruled in favour of the company in a civil suit. Jack B. Palmer, an Infosys employee and US national, had made allegations of "retaliation" after he blew the whistle on alleged visa misuse by the company. CEO **S.D. Shibulal** maintained that the company does not retaliate against whistleblowers.

Bharti Airtel shares fell to their lowest levels in nearly six years amid stock downgrades by brokerages. Falling margins, potential cash outflows due to regulatory changes, slowing revenue growth in Africa, and the possibility of competition from Mukesh Ambani's Reliance Infotel in the voice segment have led to the negative sentiment.

GVK Power and Infrastructure has received environmental clearance for its A$10 billion Alpha coal and rail project in Australia's Queensland, but with 19 conditions. The approval came as Australia declared that the resources boom that cushioned the country from the global financial crisis had ended.

In a major relief to **Finance Minister P. Chidambaram**, the Supreme Court has dismissed a petition for making him a co-accused in the **2G spectrum case**. The court said there was no evidence against him of any criminal conspiracy or that he abused his office.

India has relaxed overseas borrowing rules for companies. **Infrastructure and manufacturing companies** will now find it easier to refinance rupee loans through overseas debt. With cheap dollar loans, housing finance companies such as HDFC are also expected to benefit.

Maruti Suzuki has resumed partial production at its **Manesar** plant, more than a month after a worker agitation forced it to shut operations. The auto maker has hired former commandos of the elite National Security Guards to provide security.

Apple, led by CEO Tim Cook, is now the world's most valuable company ever. The company's stock propelled its value to $623 billion, beating the $620.58 billion record for market capitalisation set by Microsoft in the days of the Internet boom. Apple is now worth 53 per cent more than number two, Exxon Mobil Corp. The tech giant's impending launch of iPhone5 and a smaller, cheaper iPad is exciting markets.

CARICATURES BY SANTOSH

Economy

With Assembly elections in Gujarat and Himachal Pradesh due to be announced soon, **fuel subsidies** are likely to continue. Prime Minister Manmohan Singh has said that the subsidy on diesel will continue to help farmers in drought-affected districts. The oil ministry has also told Parliament that the government is not planning to deregulate diesel, LPG and kerosene prices. Interestingly, C. Rangarajan, Chairman of the Prime Minister's Economic Advisory Council, has said that the price of diesel is expected to be raised in a couple of months.

Union Steel Minister **Beni Prasad Verma** has raised hackles after saying that the increases in prices of pulses, wheat flour, rice and

vegetables was good for farmers. Inflation hurts the common man, and farmers are hit hard by higher input costs.

Inflation based on retail prices eased marginally year-on-year, to 9.86 per cent, in July. Consumers have little respite though, with prices of vegetables surging 27.33 per cent, edible oils rising 17.37 per cent, and pulses increasing 12.49 per cent during the month.

$11 billion

Overseas investment in Indian stock markets so far this year. Foreign institutional investors have pumped in more than $1 billion in August alone. In contrast, FDI inflows to the services sector fell 18 per cent to $745 million (₹4,134 crore) during the April-May period.

₹52,446 cr

Estimated cost of delays in executing mega infrastructure projects, including 28 power plants, 36 railway projects and 84 road schemes. The cost has gone up 36 per cent from ₹1.45 trillion to ₹1.97 trillion.

Markets

Non-performing assets (NPA)of public sector banks are on the rise. Gross NPAs of **State Bank of India**, the country's largest lender, stood at a steep ₹47,000 crore in the April-June quarter. The bank's NPAs accounted for 4.9 per cent of gross advances against 3.52 per cent a year ago. Punjab National Bank, Canara Bank, Bank of India and Union Bank of India have also seen a spike in NPAs.

The **RBI** is opening some doors for Pakistan. A Pakistani citizen or an entity incorporated in that country may now purchase the shares and convertible debentures of an Indian company. FDI has been barred in the defence, space and atomic energy sectors and sectors or activities prohibited for foreign investment.

Coming Up

- In his first interaction with top Income Tax officers on August 31, Finance Minister P. Chidambaram will discuss measures to boost tax collection and tackle black money.
- The Board of Approval for Special Economic Zones is set to consider fresh proposals for the tax-free enclaves and other policy issues during its meeting on September 14.
- After a nudge from the finance ministry, the Indian Banks' Association is looking to speed up student loans. The association plans to do away with the mandatory collateral requirement for loans up to ₹7.5 lakh.

FOCUS

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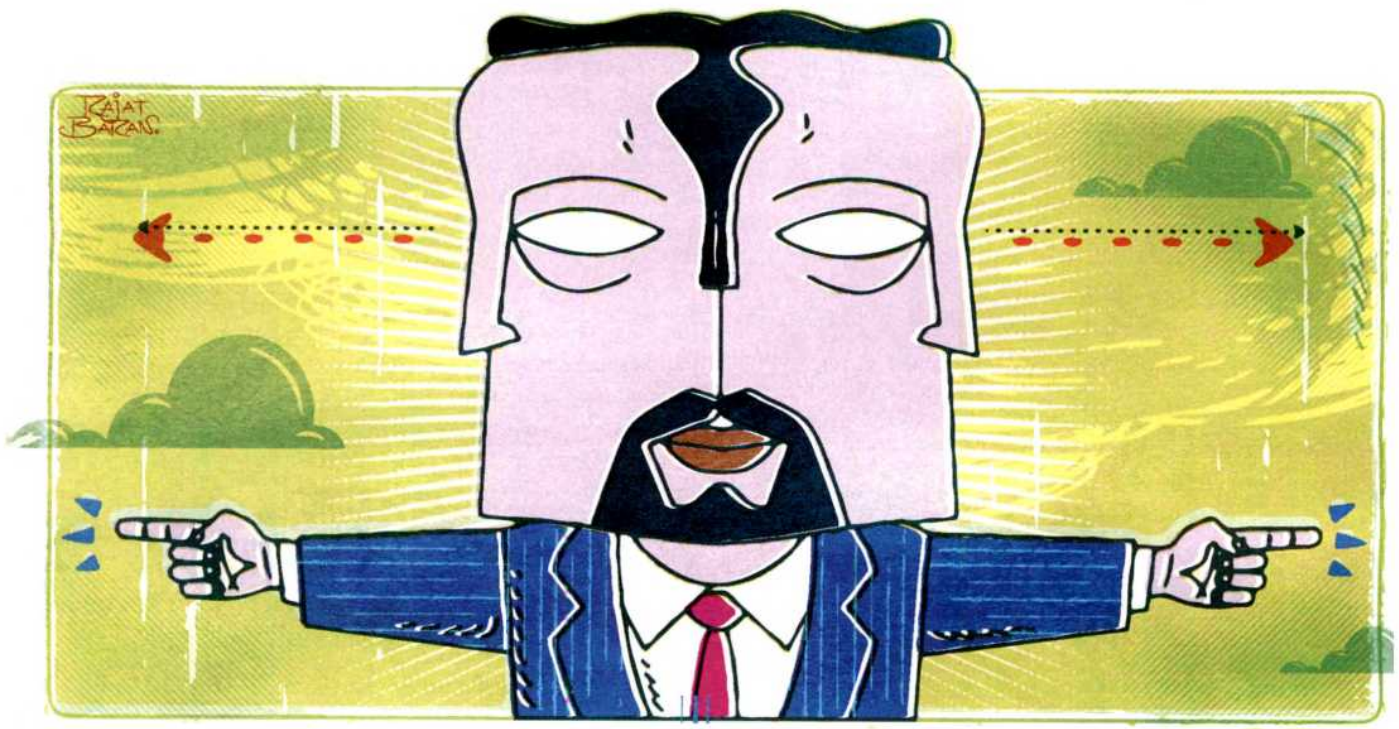


A Conflict of Interest

SEBI's mission to expand the reach of mutual funds and the primary market may be at odds with its regulatory role.

By SAMIR BARUA

₹730,361cr
is the total assets under management of the Indian mutual fund industry

Around Independence Day, the Securities and Exchange Board of India (SEBI) announced a series of measures to vitalise the mutual fund industry and the primary market. This is a brief critique of some of the initiatives.

Using the pretext of improving market penetration, SEBI has essentially proposed to bring back entry load on mutual fund units that had been abolished in 2009. SEBI would now allow an asset management company (AMC) to charge another 30 basis points as expenses if at least 30 per cent of new in-

"USING THE PRETEXT OF IMPROVING MARKET PENETRATION, SEBI HAS ESSENTIALLY PROPOSED TO BRING BACK ENTRY LOAD ON MUTUAL FUND UNITS THAT HAD BEEN ABOLISHED IN 2009"

Samir Barua

flows (to the fund) are from cities/towns other than the 15 top cities where SEBI believes the market penetration is adequate. If the percentage of new inflows from these cities/towns is lower than thirty then the permitted additional charge would be pro-rated. It would be instructive to use some numbers to illustrate the implications of the proposal.

Let us say that the size of an existing fund is ₹10,000 million. The fund has new inflow of say just ₹1 from a town not included in the list of 15 top cities. The AMC can then charge ₹30 million as additional expense (since 100 per cent of new inflow has come from outside the list of 15 top cities). The proposal, however, may not stand legal scrutiny. On what grounds of fairness would it be justifiable to charge all the unit-holders of the fund a fee of 30 basis points for raising new funds from such (SEBI) preferred locations? Why should the extant unit holders in the fund bear the cost?

The proposed measure is also unfair to smaller funds. While a large fund of ₹10,000 million would be able to charge ₹30 million, for the same outcome a smaller fund of say ₹100 million would be permitted to charge just ₹0.30 million. Can such disparity, based on the size of the fund be justified? After all, both the funds have achieved the purpose equally well – raised the same amount (₹1) with identical (100 per cent) of new inflows from the preferred locations!

While market penetration is a laudable purpose, the proposal of SEBI for the same is clearly flawed. The proposed measure in fact brings in entry load by the back door! It would be more equitable to change the regulation and permit AMCs to charge entry load in the manner they used to earlier. The entry load may be permitted to vary based on the location.

Perhaps to bring about a greater diversity of individuals within the ambit of the mutual funds industry, SEBI has proposed that persons with a certain specified background (such as retired government officials and retired teachers) would be permitted to distribute 'simple' mutual fund products. SEBI has also proposed (perhaps to help these categories of individuals qualify easily) to introduce varied levels of certification and registration.

Two issues arise in the context of these proposals. How and why does SEBI believe that persons only from the specified backgrounds would be more honest and/or competent to sell simple mutual fund products? The second issue pertains to these individuals being allowed to distribute only simple products. Such restrictions generally create extremely difficult monitoring requirements and more often than not lead to corruption with distributors selling products that they are not qualified to sell. The proposal is deficit in logic and would be a challenge for honest execution.

The proposal to ask the industry to set aside a part of the fee for investor education too is laudable but meaningless. Most mutual funds have accumulated large sums for 'investor education'. These have been created out of unclaimed and undelivered benefits to unit holders (the contributions have largely arisen from closed schemes). The challenge has never been shortage of funds for investor education but of finding the right ways of educating investors and making them financially literate. Adding another source of funds when they are not in short supply is not recognizing the problem at hand. The issue is one of designing an effective process of educating and informing individuals to promote retail demand for equity. The step proposed is therefore misdirected.

SEBI'S RECIPE

FOR MUTUAL FUNDS

Additional expense ratio of up to 30 basis points for new inflows beyond top 15 cities

IMPACT
Will encourage distributors to target smaller towns

Investors to pay service tax on management fees

IMPACT
Will increase the burden on investors

FOR PRIMARY MARKET

Minimum application amount raised to ₹10,000 - ₹15,000 from ₹5,000 - ₹7,000

IMPACT
Investors could get more shares in IPOs

Investors can subscribe electronically to IPOs through the broker network of stock exchanges

IMPACT
Makes it easier for retail investors to participate in IPOs

Primary Market

Most of the measures announced are incremental in nature and would soften some unnecessary hurdles in the primary market for equity.

Expansion of the distribution network by permitting brokers of stock exchanges to help investors subscribe electronically to an initial public offering (IPO) and enhancement of the reach of ASBA (Application Supported by Blocked Amounts) by asking banks to make the facility available at all branches are sensible measures as these would improve the ability of retail investors to participate in the primary market.

The enhancement of flexibility to issuers to change the amount to be raised by up to 20 per cent (instead of 10 per cent) from the declared amount in the prospectus and permitting issuers to offer up to 5 per cent discount from the (SEBI specified) formula based issue price even to qualified institutional placements (QIPs) are welcome reforms.

The reduction in the free float requirement (from ₹5,000 crore to ₹3,000 crore) and halving of contribution from promoters to 10 per cent (through substitution of promoters' contribution by contributions from SEBI registered Alternate Investment Funds) are compromises in regulations that ought to have been avoided.

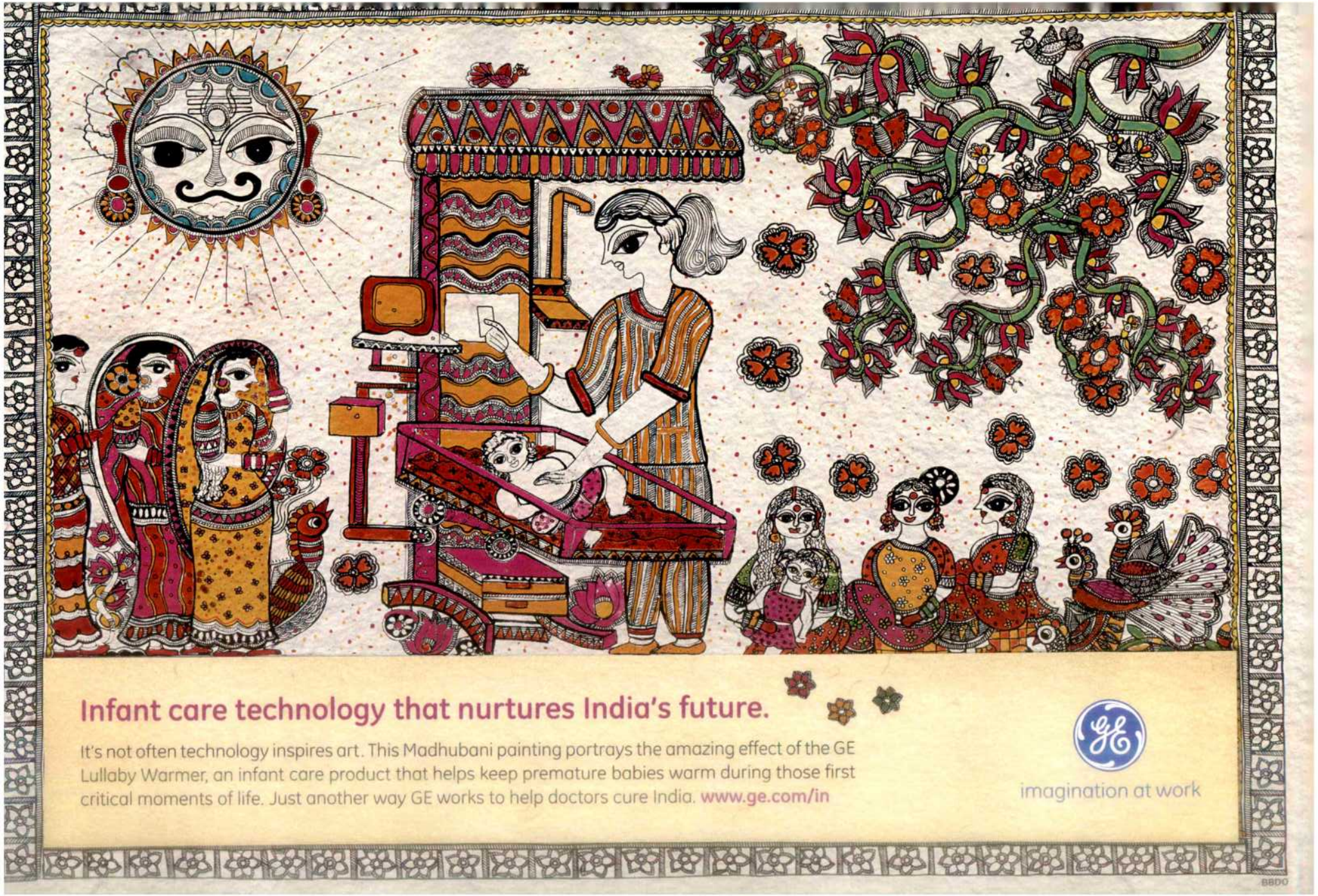
Disallowance of withdrawal or lowering of the size of bids by non-retail investors are measures that would be ineffective. This would simply ensure that bids from these groups will come in literally minutes before the closure of the issue. The measure would thereby deny market any assessment about the view of non-retail investors on the IPO. A slight modification of the provision by specifying that an IPO would remain open for subscription for a day longer for retail investors would take care of such spurious applications by non-retail investors. It would avoid gaming by non-retail investors and provide certain information to the retail investors about the view of the non-retail investors on the IPO.

It is unclear how allotment system can be modified to ensure that every retail applicant is allotted a minimum bid lot (of course, the SEBI announcement does qualify the assertion by stating that this would be 'subject to availability of shares'). While proposing this measure, SEBI has also doubled the minimum application size, thereby making it even more difficult to meet the requirement. It is also unclear how applications from retail investors that are not at the 'cut off' price are to be treated for allotment. Should they not be given preferential allotment since they are willing to take the risk of taking a view on the price of the shares?

Conclusion

The announcements by SEBI fall in two categories: a) simplification and rationalization of procedures to smoothen flow of investment into mutual funds and primary markets, b) expanding the size of the mutual funds industry and the primary market through greater geographical and demographic coverage. While the first purpose is clearly within the ambit of the role of SEBI as a regulator, the second purpose often comes into conflict with its role as a regulator and hence may result in compromises that may have far reaching negative implications from the point of view of enhancing the integrity of markets and processes.◆

The author is Director, Indian Institute of Management, Ahmedabad


Infant care technology that nurtures India's future.
It's not often technology inspires art. This Madhubani painting portrays the amazing effect of the GE Lullaby Warmer, an infant care product that helps keep premature babies warm during those first critical moments of life. Just another way GE works to help doctors cure India. www.ge.com/in
imagination at work
BBDO

Bankers' Dilemma

RBI's proposals on intra-group transactions might hurt banks but will make the financial system more robust. By MANU KAUSHIK

In a bid to strengthen the Indian financial system, the Reserve Bank of India (RBI) has issued draft guidelines for banks on intra-group transactions.

The objective is to minimise the risk arising from large financial institutions operating multiple subsidiaries or forming joint ventures. The RBI is concerned about the way financial conglomerates use intra-group transactions to their advantage. The central bank says such deals can help a group take unacceptable risks and escape scrutiny by transferring the losses of a regulated entity to unregulated entities.

There is a need for a better risk management framework, say analysts. Rajesh Mokashi, Deputy Managing Director, CARE Ratings, points out that the chances of unsound intra-group transactions are growing as large banks expand. A bank investing in its insurance unit, for instance, will be at risk if the insurer fails, he says. "Since 90 per cent of banks' funding is made up of depositor money, a lot of public money will be at stake."

The proposed guidelines stipulate that bank boards must approve all intra-group transactions. Also banks would be required to have a comprehensive policy for monitoring such deals. In addition, banks should not buy a low-quality asset from group entities nor can they accept such assets as collateral for a loan.

The RBI has also proposed to limit a bank's exposure to group entities. The total exposure to all group entities should not exceed 20 per cent of a bank's paid-up capital and reserves. The cap would be 10 per cent for non-financial and unregulated financial services companies. The RBI has sought comments on the proposed norms by September 14.

The draft guidelines come in the wake of rising bad loans in the banking system. According to a report by ratings firm ICRA, gross bad loans across all banks had surged to ₹1.29 trillion by end-December 2011, from about ₹78,000 crore at the end of fiscal 2009/10. State Bank of India, the country's largest lender, has reported a 63 per cent jump in net bad loans to ₹20,324 crore for the April-June quarter of this year.

RBI wants to ensure that banks maintain an arm's length relationship with their group entities, say experts. The draft proposals, if implemented, will impact about 10 large banks, including State Bank of India, ICICI Bank and Kotak Mahindra Bank.

"From the risk management point of view, these guidelines are a step in the right direction," says Sangeet Shukla, Senior Advisor, Indian Banks' Association. The timing is not ideal since the banking industry is passing through hard times in a slowing economy, he adds.

Global ratings firm Moody's expects the guidelines to hurt banks, especially those with large international operations. The proposals could affect companies that depend on parent banks for capital and brand support.

CARE Ratings's Mokashi says a cap on exposure in group companies may make banks unattractive for investors. "Banks and financial services companies need a higher degree of leverage to maximise the return on equity and shareholder returns," he says.◆

SANTOSH

RBI'S WISH LIST

Banks should have a policy on monitoring intra-group deals

Banks cannot have unlimited exposure to group entities

Banks should not buy low-quality assets from group entities

Banks' total exposure to all group entities capped at 20 per cent

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*India's Most Trusted Consumer Durable Brand as per 'Brand Trust Report 2012'. The symbol mark is owned by Trust Research Advisory. The words are derived from Brand Trust Report 2012; interpreted accordingly and are not meant for any claims. Features vary from model to model; all features may not necessarily be in one model alone. Internet access is required for access to Smart TV features. **Minimum internet speed of 2Mbps is required to play this content. *Magic Motion Remote control does not come equipped with all TV's and separate purchase may be required. ^Get 4 3D Glasses with purchase of any Cinema 3D TV (except LM3410 series). All trademarks and logos depicted here belong to their respective owners.

Massively beautiful beast

The LG LM8600 truly brings home the theatre like 3D viewing experience which is simply the best across all manufacturers at present

It's no secret that our 'idiot boxes" are getting smarter day by day. And the world is quickly moving on from the days of flat panels, LCDs to the huge and swanky LED TVs which are getting bigger and better every now and then. More interestingly, 3D TVs have started to enter our homes and after the insignificant impact it had in 2011, 2012 promises to be a lot different as market leader LG gears up to the challenge of making the 3D TVs even more better and affordable.

If you take a look at the massively beautiful beast, i.e. a 55 inch LM 8600 Cinema 3D Smart TV by LG, you will find out that the Cinema 3D TV really has the potential to bring the 3D cinema experience in the comfort of your homes.

- **SET UP** Talking of setting up the 55" LM8600 for viewing, there are a series of startup settings which can be easily configured and if you want you can skip them for later as well. Setting up the TV with the wireless network is a breeze.
- **DESIGN AND BUILD** The LM8600 has an amazingly beautiful design with a minimalistic bezel which helps enhance the viewing experience of the LED TV. Importantly the 55 inch LM8600 is good enough to be a substitute for the theatre experience for most average families.
- **PERFORMANCE** When you have the 2D experience on the LM8600, you will simply love the picture quality with crisp clarity, deep blacks and superb contrast with great colour renditions. The TruMotion 240Hz feature on the LM8600 helps eliminate and motion artifacts or blurring that might happen in a fast moving or action scene. Watching movies on the huge 55inch screen of the LM8600 is nothing short of mesmerising and gives you that theatre feel.
- **CINEMA 3D** Coming to the Cinema 3D experience on the LM8600, it is passive 3D technology created by stereoscopic images. And hence you would require only polarised 3D glasses which unlike the active shutter 3D glasses do not harm your eyes and at the same time are much cheaper and easy on the pockets as well. The polarised 3D glasses provided are extremely light and easy on the eye. You may able to comfortably use them for a full three hours movie without any fatigue to the eyes or on the bridge of the nose.
- **2D TO 3D CONVERSION** The conversion software on the LM8600 is one of the best available in the market. Coupled with a plethora of 3D settings like 'depth control' and 'viewpoint control' helps you enhance the experience. You are suggested to use videos of a minimum 720p and above for conversion for optimum results. You will like the depth perceptions the LM8600 could create for converted videos as well. BTW, the software works vice versa as well and thus helps convert 3D to 2D.
- **SOUND** The sound quality of the 20W speakers on the LG LM8600 is sufficiently loud and at the same time very clear and crisp. The 'Clear Voice II' feature helps improve the voice audibility in the movies and '3D Sound Zooming' does what the name suggests thus improving the overall audio experience.
- **MAGIC MOTION REMOTE** The magic remote has a minimalistic and compact design, which has a pointer like functionality combined with mouse like features to make it much more effective than the conventional remote control. It has very few buttons on it which include the likes of 'Home, 'Apps' and 3D activation button along with the scroll wheel in the centre which we found to be comfortable to use.
- **SMART TV** The TV also boasts of innovations like Intel's WiDi (wireless display) technology that enables easy and fast connection between TVs and PCs without requiring any internet, wires or wireless network. Featuring exciting apps, LG's Smart TV also offers a variety of quality content services, including 3D World, where viewers can access a growing abundance of 3D content.
- **DUAL PLAY** This is another innovative and useful feature for gamers. LG provides glasses in two different pairs of white and orange, so the both the gamers have to wear different colour glasses to be able to view their own player on the television instead of having the same on one side of the split screen. Thus, the feature allows both the gamers to view their players only on the whole screen.

BT-ERNST & YOUNG

DEAL WATCH

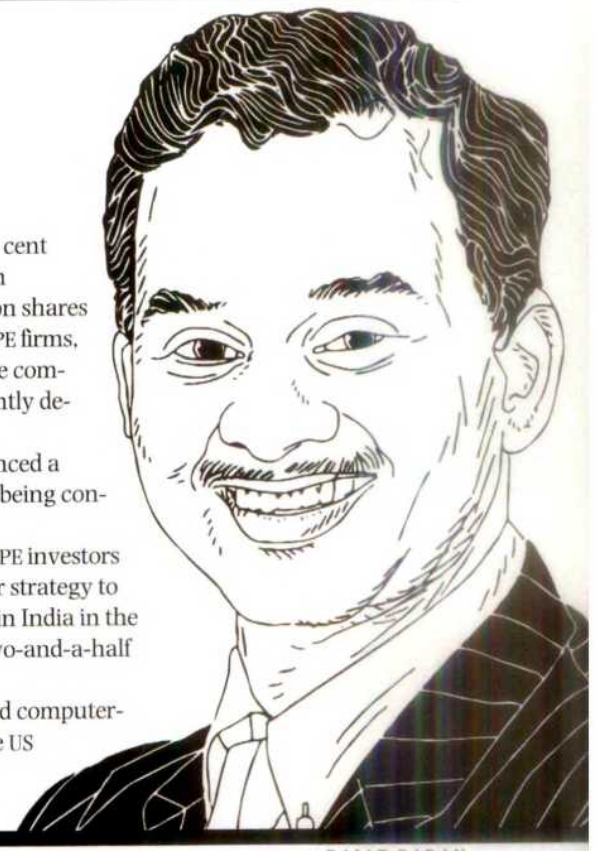
BIGGEST DEALS IN THE PAST 30 DAYS*

US private equity (PE) firm Bain Capital will buy a 30 per cent stake in outsourcing company Genpact Ltd for $1 billion (₹5,525 crore). It will purchase some 68 million common shares of Genpact at $14.76 (₹815.49) apiece from two other PE firms, General Atlantic (GA) and Oak Hill Capital Partners – the combined stake of these two entities is expected to subsequently decline to 10 per cent.

Genpact CEO **N.V. Tiger Tyagarajan** has also announced a special dividend of $2.24 (₹123.76) per share, which is being considered as a payback for GA and Oak Hill Partners.

While the deal paves the way for Genpact's existing PE investors to reduce their stake, for Bain Capital it is part of a larger strategy to invest $150-250 million (₹830-1,380 crore) annually in India in the near future. Bain Capital will have a lock-in period of two-and-a-half years for its shareholding in Genpact.

Genpact began operations in 1997 as an India-based computer-services unit of General Electric Co. (GE) that assisted the US firm's finance division. About a quarter of its revenues still come from GE.



RAJAT BARAN

TARGET
GENPACT LTD
ACQUIRER
BAIN CAPITAL
DEAL VALUE (₹ CR)
5,525.0

TARGET
DLF LTD
ACQUIRER
LODHA DEVELOPERS
DEAL VALUE (₹ CR)
2,772.9

TARGET
ZIV APLICACIONES Y TECNOLOGIA
ACQUIRER
AVANTHA GROUP
DEAL VALUE (₹ CR)
1,021.4

TARGET	ACQUIRER	DEAL VALUE (₹ CR)
CIC Energy Corp	Jindal Steel & Power Ltd	634.6
Reliance MediaWorks	LVMH SA	604.3
Hindoostan Mills	Red Fort Capital Advisors Pvt Ltd and Hubtown Ltd	449.7
Manipal Health Enterprises Pvt Ltd	India Value Fund Advisors	297.2
Xrbia Developers Ltd	Brick Eagle Capital	200.6
Aryaka Networks Inc.	Nexus India Capital	138.1

Ernst & Young is a leading M&A advisor in India. The data is based on media reports and company announcements. Any decision on the basis of this information should be taken only after professional advice. *Business Today* or E&Y do not take any responsibility with regard to such a decision.

*July 17 to August 13, 2012

Not a complete list

A MEDIA PLAYER TO MAKE YOUR TV SMARTER AND A SMARTPHONE WITH A BUILT-IN PROJECTOR

Box of Delights

Media boxes are dying out because most TVs can now play most file formats directly. The new Amkette media box, however, called EvoTV, goes further than others, providing some Android-driven intelligence and motion sensing. A touch remote lets you exploit these features to the maximum – surf the Net on your TV, play YouTube videos, have video chats, play games and access files from the home network. The interface is easy to navigate and customise with a news ticker and a live weather update. You have access to the Google Play app store, but it is better to buy apps from the EvoTV store as these have been optimised for bigger screens. They work well even on regular net connections and do not need the superfast broadband smart TVs do.

Extremely versatile motion sensing remote

Websites recognise device as phone
No on/off button on box

Amkette EvoTV **Price:** ₹9,999

Samsung Galaxy Beam **Price:** ₹28,990

Mobile Magic Lantern

Smartphones are in a race to provide as many new features as possible. Thus Samsung's latest offering provides a projector to woo the corporate crowd. The new Samsung Galaxy Beam has a dedicated projector key. Its 15 Lumens bulb is good for projections in rooms that are not too bright. The phone and the projector are well integrated – everything from applications to games can be beamed. It is a cheaper, lighter option than a standalone projector unit, especially if you are travelling. The picture focus can be adjusted and the orientation changed from landscape to portrait as required. The Quick Pad option offers a pointer and pen for pointing and drawing, while the Virtual Presenter shows whatever is captured by the camera. And in case of a power breakdown you can use the projector as a torch.

Projector fully integrated with phone

Outdated Android 2.3 OS
Average battery life

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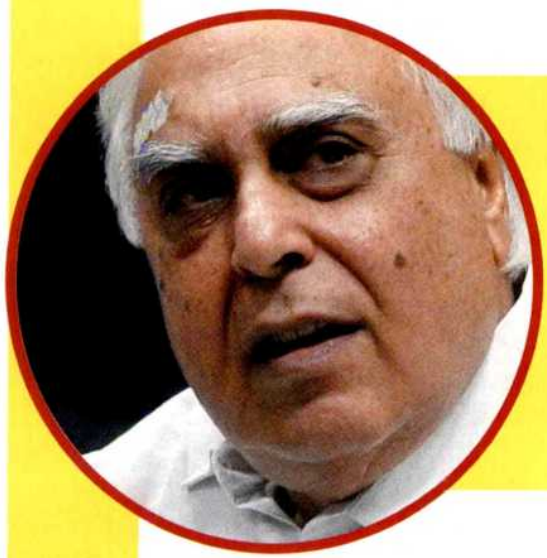
"We find a cyber attack on a country to create a divide among the population and create panic. It is unprecedented"

Pavan Duggal, *Cyber Law Expert, on* CNN-IBN



"We have to impress upon the websites to create an institutional mechanism to prevent misuse of technology"

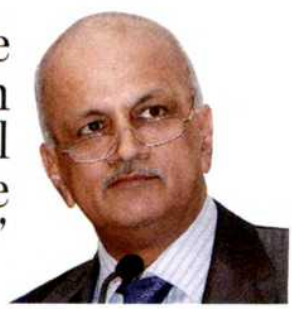
Kapil Sibal, *Minister for Communications and Information Technology, in* The Economic Times

"WE ARE ALWAYS ON THE SIDE OF FULL FREEDOM OF THE INTERNET. BUT AS THE INDIAN GOVERNMENT CONTINUES TO INVESTIGATE INSTANCES AND PRESERVE SECURITY, WE ALSO URGE IT TO MAINTAIN THE COMMITMENT TO HUMAN RIGHTS, FUNDAMENTAL FREEDOMS AND RULE OF LAW"

Victoria Nuland, *US State Department spokesperson, in* Hindustan Times

"We are receiving the least cooperation from Twitter. Other social networking websites are working on our advice"

R. Chandrashekhar, *Telecom Secretary, in* Hindustan Times

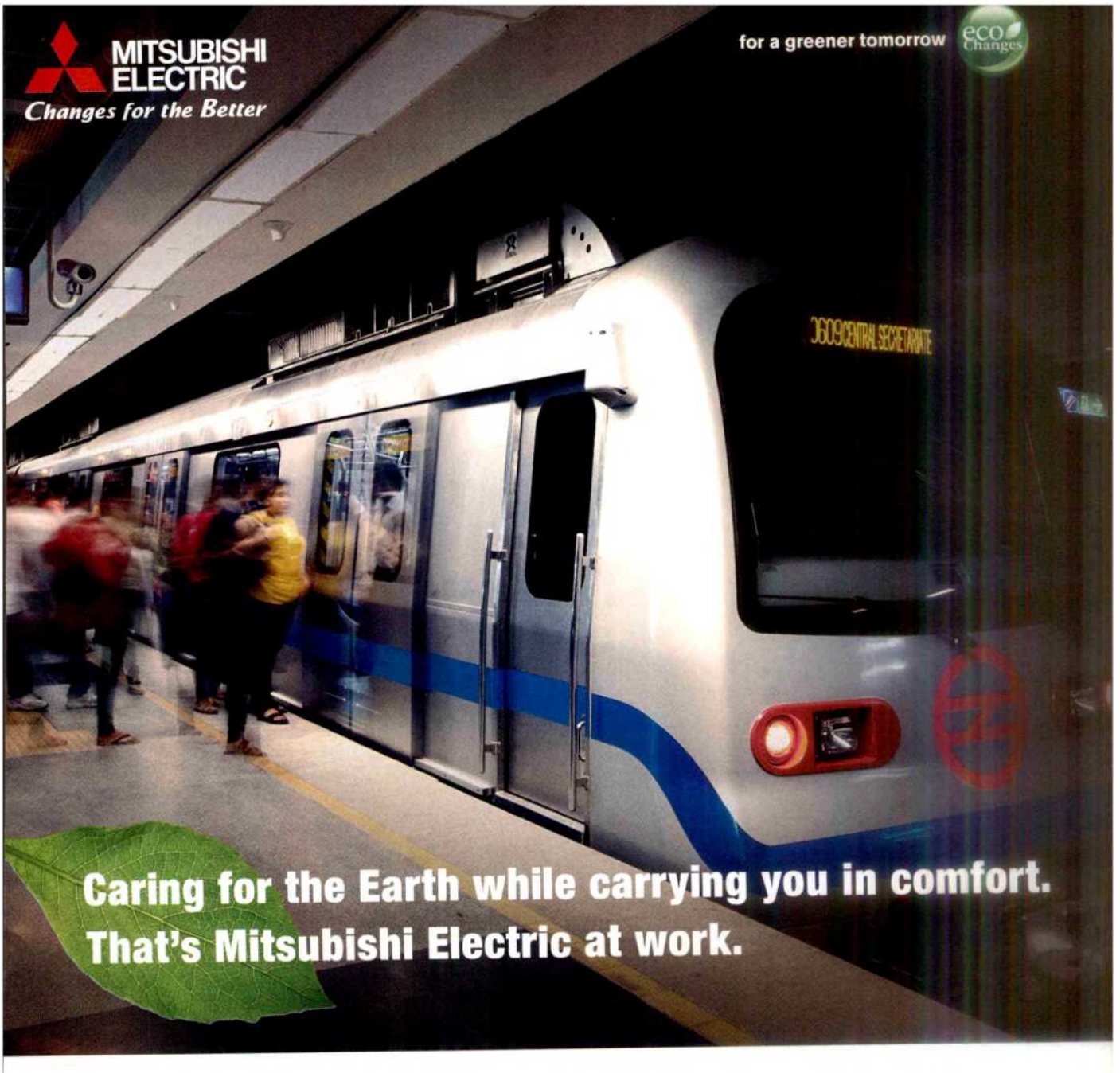


"The Internet intermediaries are responding slowly because they now have to trawl through their networks and identify hate speech"

Sunil Abraham, *Executive Director, Centre for Internet and Society, on* NDTV

MITSUBISHI ELECTRIC
Changes for the Better

for a greener tomorrow eco Changes



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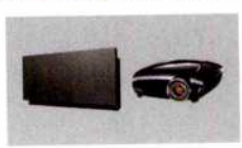
Factory Automation Systems

Air Conditioning Systems


Visual Information Systems

Power Devices

Automotive Equipment

www.MitsubishiElectric.asia/india/

MITSUBISHI ELECTRIC CORPORATION

STAYING IN THE HUNT

Is the India growth story losing steam? Whatever India's macroeconomic indicators, global investors do not think so. Foreign institutional investor (FII) inflows into the Indian stock markets have scaled record highs so far in 2012. Indeed, FIIs have preferred India to all other Asian markets this year, according to BNP Paribas's "India Market Outlook" report.

Graphic by **Santosh Kushwaha**

10,535 INDIA

2,092 THAILAND

-2,362 TAIWAN

SOUTH KOREA 5,885

704 INDONESIA

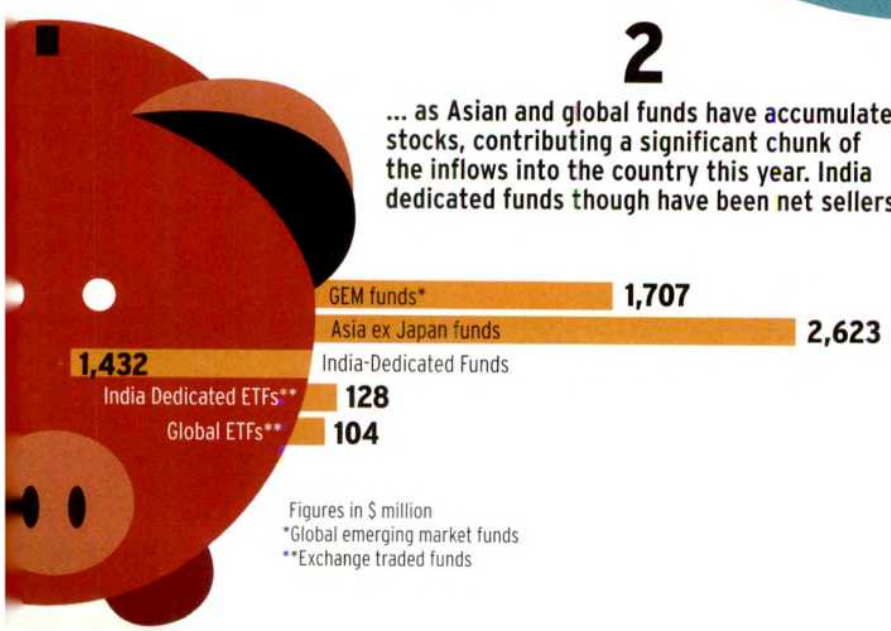
Figures in $ million till July 31, 2012

1

India has received unprecedented FII inflows in 2012...

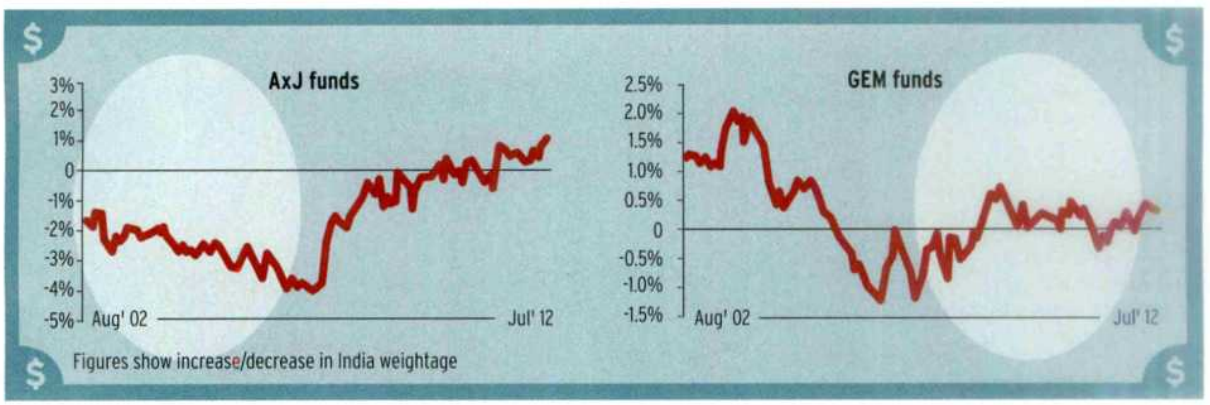
2

... as Asian and global funds have accumulated stocks, contributing a significant chunk of the inflows into the country this year. India dedicated funds though have been net sellers



Figures in $ million
*Global emerging market funds
**Exchange traded funds

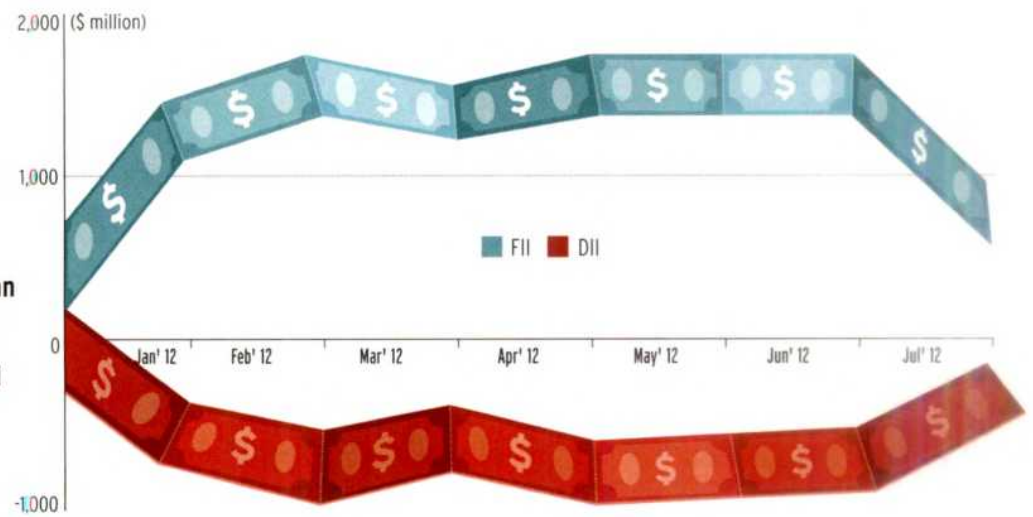
3 Global emerging market (GEM) and Asia ex Japan (AxJ) funds have raised their exposure to Indian stocks in recent months despite the economic slowdown



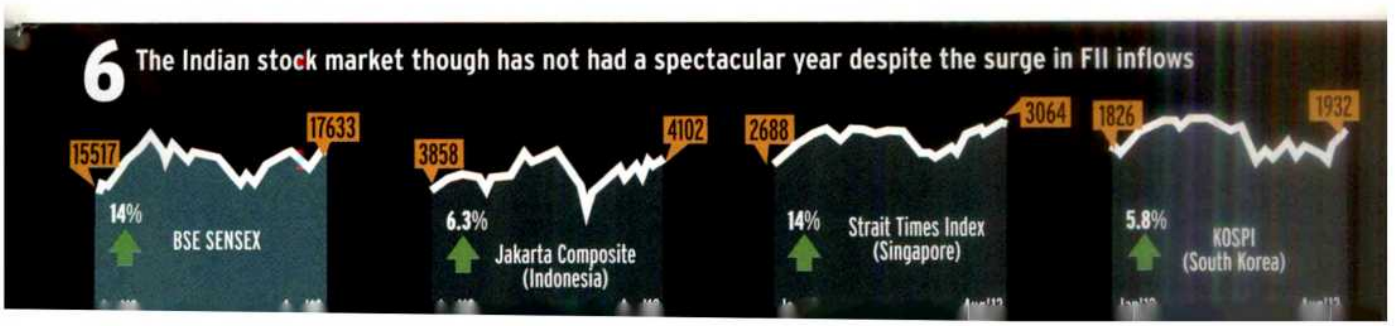
4 FIIs though have preferred to minimise risks by building a defensive portfolio, focusing on consumer staples, banks, IT and pharmaceuticals

Figures in $ million show cumulative flows into specific stocks till July 31, 2012

5 Domestic institutional investors (DIIs) have pared their exposure to Indian equities in 2012, a contrast to the strategy adopted by FIIs



6 The Indian stock market though has not had a spectacular year despite the surge in FII inflows



Bombshell

Coined in the late 1980s, the term "F-bomb" has finally found a place in the Merriam-Webster's Collegiate Dictionary along with "aha moment", "man cave," "bucket list", "sexting" and "game changer". The word "F-bomb" is already listed by online dictionaries but has been put into print now. "Some of the new words this year provide colourful images," Merriam-Webster Editor at Large Peter Sokolowski said.

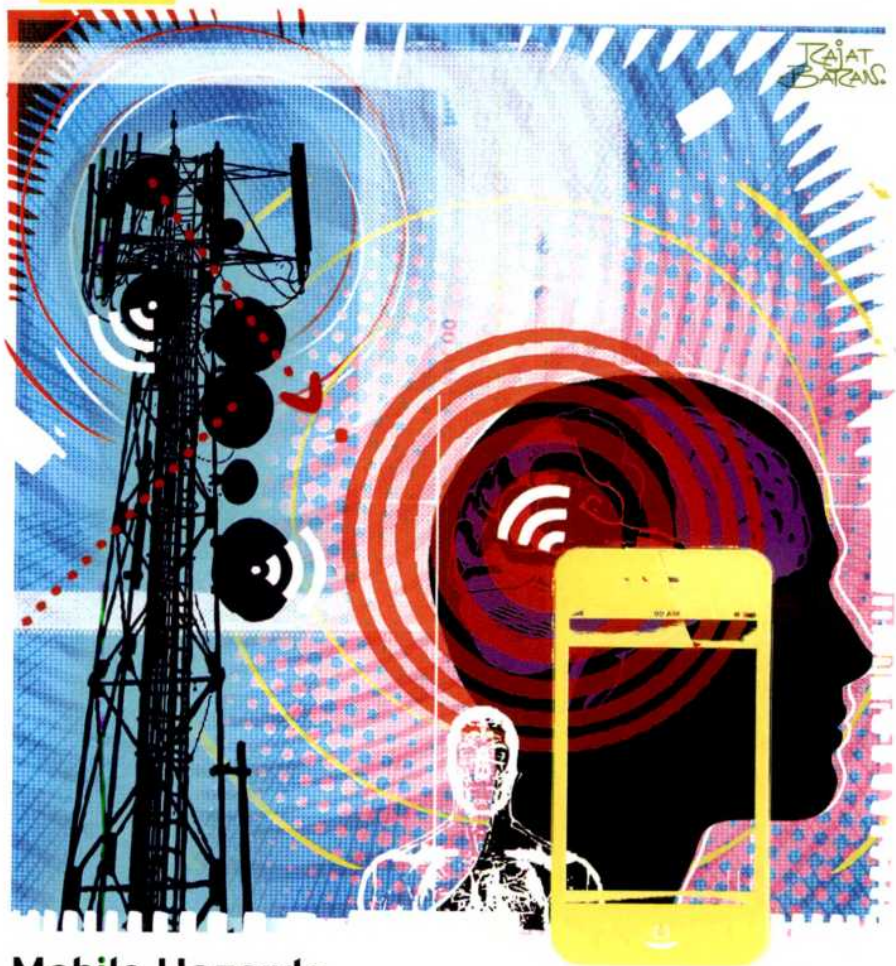
A Sip of Luxury

At a whopping $3.5 million, the "Diamond Sterling" is the most expensive tequila ever put on sale. The liquor is 100 per cent agave tequila, seven years old, and was distilled by Hacienda La Capilla. The price though has a lot to do with the reptilian-looking bottle. The five-pound platinum bottle is encrusted with 4,000 diamonds, adding up to 328 carats.

Tug of War

One of the most ambitious urban development plans, the JNNURM has been stonewalled because of a turf war between the Urban Development Ministry and the Planning Commission. Both the sides are squabbling over who will have the authority to clear the lucrative projects. Urban Development Minister Kamal Nath wants a say in the process, while the Commission wants cities to decide on it. The tussle has delayed the finalisation of the second phase, which was to be completed before March 2012.

HOW THINGS WORK



Mobile Hazards

The Union government has initiated steps to contain the radiation emitted from mobile phones and towers following growing public concern over health hazards. A quick recap of the story so far:

The concerns: Mobile phones emit electromagnetic radiation because they use radio frequency waves to make and receive calls. The doses are very small but experts have voiced concern that emissions might cause leukaemia and other diseases. The World Health Organisation warned that mobile phones may cause cancer.

The Indian context: There are more than 900 million mobile subscribers in India. After the report by WHO, the Centre constituted a panel to formulate a set of guidelines, on par with global standards. The report was submitted by the committee recently.

The new norms: The new regulations mandate all mobile phone manufacturers to comply with a specific absorption rate – a measure of the amount of radio frequency energy absorbed by the human body – to rule out the possibility of any health hazards. The Department of Telecommunications has also been asked, through an advisory by the environment ministry, to ensure that no new mobile towers are constructed within a radius of one kilometre of the existing ones. A mobile tower can have an adverse impact on the health of humans within a radius of 50 metres, say experts.

COMPILED BY BASUDHA DAS

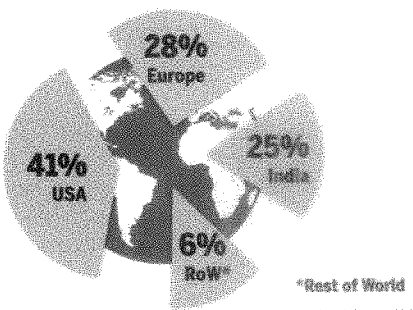
AT WOCKHARDT, OUR MEDICINES KNOW NO BOUNDARIES.

SALES REVENUE

69%

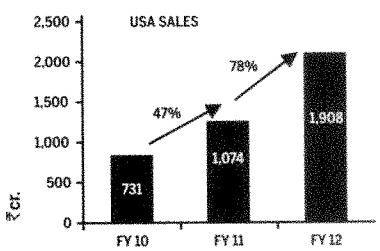
FROM USA & EU

Revenues from international markets



78%

GROWTH IN USA



Business growth in USA markets YoY

No. 1

IN UK

Largest Indian and third largest generic company in UK.

12

GLOBAL MANUFACTURING PLANTS

US FDA and EU compliant plants. In India, USA, UK & Ireland.

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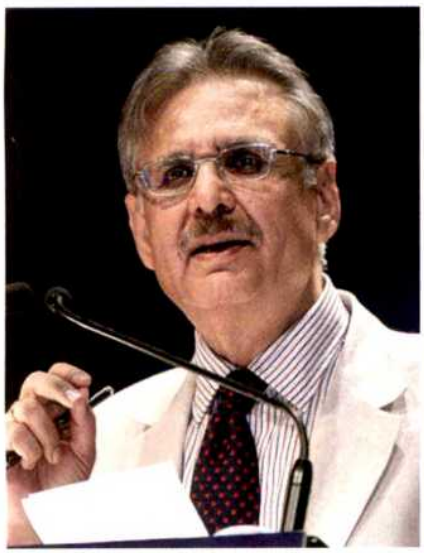


ITC : Creating Enduring Value for India
The Making of a National Champion

101st Annual General Meeting of ITC Limited
Kolkata, 27th July, 2012

Address by Chairman, Shri Y C Deveshwar

"This AGM, in a manner, heralds ITC's entry into its new century. A future that promises to be even more glorious, fulfilling and rewarding as your Company pursues its vision to build an exemplary Indian enterprise. Your continued trust and goodwill has always been invaluable, and will lend immense encouragement for the journey ahead.

As in earlier years, I would like to first present to you the highlights of your Company's Triple Bottom Line performance during the year gone by.

TRIPLE BOTTOM LINE PERFORMANCE

Your Company continues its record of impressive financial results despite the challenges posed by the slowdown in the global and the national economy. Gross Income for the year grew by 14.9% to over ₹ 36,000 crores. Profit before tax increased by 22.4% to over ₹ 8,800 crores while Net Profits grew by 23.6% to over ₹ 6,100 crores.

Your wholehearted support to the Company's robust strategy to pursue multiple drivers of growth has also resulted in the **non-cigarette segment net revenue growing 12-fold from about ₹ 1,360 crores in 1996 to ₹ 16,150 crores today. As a result, 57% of net segment revenue of your Company is now from businesses other than cigarettes,** significantly enlarging ITC's capacity to create additional avenues for value creation.

Your Company is today acknowledged as one of India's most valuable corporations. Market capitalisation, which stood at ₹ 5,570 crores in 1996, has multiplied over 35 times to touch ₹ 2 lakh crores. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 25.7% per annum during this period.

(Figures in ₹ Crores)

ITC: Financial Highlights 1996-2012		
	1996	2012
Gross Income	5,188	36,073
Net Segment Revenue (other than Cigarettes)	1,363	16,150
Profit After Tax	261	6,162
Net Assets Employed	1,886	19,754
Net Worth	1,121	18,792
Market Capitalisation*	5,571	2,00,000*
CAGR in Total Shareholder Returns in the period 1996-2012: 25.7%		

**As on 17th July, 2012*

It gives me immense pleasure to share with you yet another global recognition of your Company that should be a source of pride for all our shareholders and indeed every Indian. **ITC was conferred the World Business and Development Award 2012 at the historic Rio+20 United Nations Summit** which concluded recently. The Award was instituted by the UNDP, the International Chamber of Commerce and the International Business Leaders Forum in partnership with the United Nations Global Compact, the Swedish International Development Cooperation Agency and the Netherlands Ministry for Foreign Affairs. This honour was bestowed on your Company for its transformational rural initiatives in social and farm forestry. I would like to take this opportunity to convey our deepest appreciation to the thousands of tribals and poor farmers whose afforestation efforts in partnership with ITC have earned this global recognition.

Indeed, your Company's achievements in the environmental and social dimensions of the Triple Bottom Line have been remarkable. ITC has been **"carbon positive" for 7 consecutive years,** sequestering twice its emissions. It has been **"water positive" for 10 years,** having created freshwater potential that is more than twice its consumption. For over **5 years** now, your Company has been **"solid waste recycling positive".** These

ITC Limited

ITC has been "carbon positive" for 7 consecutive years, sequestering twice its emissions. It has been "water positive" for 10 years, having created freshwater potential that is more than twice its consumption. For over 5 years now, your Company has been "solid waste recycling positive".

achievements remain unparalleled globally, with ITC being the only enterprise in the world of its dimensions to have accomplished and sustained these environmental distinctions.

Your Company's endeavour to co-create competitive value chains with rural communities has enabled the creation of sustainable livelihood opportunities for more than **5 million people.** I am sure it is a source of satisfaction for all of you to know that your Company's inclusive business models have transformed lives in such meaningful ways for the weakest sections of our society.

ITC has spearheaded a low carbon growth strategy contributing to the Missions enunciated in the National Action Plan on Climate Change. Today, **more than 38% of ITC's total energy requirements are met from renewable sources.** This is commendable given the large energy requirements of ITC's substantial manufacturing base. Continuing your Company's leadership of the green building movement in India, the ITC Green Centre in Gurgaon has recently been re-certified as the **world's highest rated Platinum certified green building** by the US Green Building Council. This year, **several of ITC's factories have also received the Platinum Green Factory Building Rating.** This follows the landmark achievement last year of **Platinum LEED certification for all the premium luxury hotels of your Company, making ITC Hotels the greenest hotel chain in the world.**

The scale and magnitude of your Company's triple bottom line contribution makes it a **unique national institution** dedicated to fostering inclusive economic development with environmental sustainability. **It is a manifestation of ITC's enduring commitment to put Country before Corporation and the Institution before the Individual.** A commitment that has guided every thought and action of your Company in pursuing its super-ordinate goal of creating larger value for the Indian Society.

Therefore, in my address today, I would like to present to you a panoramic view of ITC's strategic contribution to the task of nation building, and the collective efforts made to create one of India's most valuable corporations.

Before I do so, I would like to spend a few moments to outline the broader contours of the challenges facing our society.

THE CHALLENGES OF GROWTH & DEVELOPMENT

The world economy continues to be in a state of turmoil. The hope of a global economic recovery looks distant with the crisis not abating in the Eurozone, the US economy still in slow motion, and the persistent contraction in Japan. The declining growth rates in China, India and Brazil – the poster nations of the emerging world – are also a cause of significant concern. Global unemployment rates have surged this year. Governments across the world are confronted with dwindling revenue and more vociferous demands for economic stimuli.

The problems, however, are far more deep rooted. After more than a century of economic progress, we live in a significantly unequal world. The UN Human Development Report data, a barometer of the world's real progress, suggests that nearly 2 billion people in the world still live in multi-dimensional poverty. By this measure, more than 600 million people in India are severely deprived. Recent OECD studies reiterate that income inequalities have actually widened in the last 30 years in a majority of advanced nations as well as emerging economies.

And that is not all. The race for unbridled material growth has left a planet seriously depleted of environmental resources and perched on the brink of a disaster. The world's ecological footprint suggests that consumption of natural resources every year is one and a half times more than the earth's capacity to regenerate. At this rate, the world will bequeath future generations a barren planet in less than 30 years from now.

India has not been impervious to the global contagions of either the recession or the baggage of unsustainable development. One-third of the world's poor live in India. With 17% of the world's population, India accounts for only 2.4% of the global land mass, 4% of the world's freshwater resources and 1% of the global forest resources. The list of core challenges is therefore significantly intimidating. Poverty alleviation, livelihood creation, food security, water availability and access, provision of education and healthcare, energy security, infrastructure creation, environmental replenishment are all issues that need urgent attention.

"Your Company's endeavour to co-create competitive value chains with rural communities has enabled the creation of sustainable livelihood opportunities for more than 5 million people."

The recent economic slowdown in India is therefore a concern, because it limits the capacity to tackle these enormous developmental challenges. The widening fiscal and current account deficits, persistently high and sticky inflation, coupled with a depleted appetite for investment, continue to stifle early economic recovery. The imbroglio on several important long-term policy issues is only adding fuel to this fire. The lack of consensus on issues like GST is particularly disconcerting given the well-acknowledged benefits of such a system in terms of tax buoyancy, collection efficiency and facilitation of one common market for India. It is imperative that urgent solutions are found to break this policy impasse and signal a growth impetus that can once again rebuild confidence in the economy.

CREATING COMPETITIVE INDIAN ENTERPRISES TO SERVE NATIONAL PRIORITIES

The large current account deficit also implies that a significant proportion of domestic enterprises are yet to attain international competitiveness. In a globalised economy with a liberal trade regime, it is critically important to build internationally competitive Indian enterprises that have the capacity to create value-added products and services which

contribute either to import substitution or to exports. Such competitive Indian enterprises will enable a fair and balanced exchange of goods and services in an open trade regime contributing eventually to reducing the large deficits on the trade account.

India's developmental challenges are, however, of colossal proportions. Meaningful economic development requires that growth drivers not only create large scale sustainable livelihoods but also augment environmental capital. Unfortunately, this is easier said than done. Achieving sustained higher growth rates is in itself a challenge at the current moment. Making that growth process socially equitable and environmentally sustainable will require herculean efforts. More than ever before, this calls for every segment of society to rise beyond sectarian and narrow interests to sub-serve larger national goals and together create enduring value for our society.

There is no doubt that corporate enterprises are uniquely placed to make an invaluable contribution, given their role as powerful drivers of economic growth. It is time that business and industry ask what they can do for the country before seeking a response to what the country can offer them. It is my strong belief that India's ability to address its myriad challenges will critically depend on its capacity to establish and support world-class "Indian enterprises" that are passionately driven by the vision to sub-serve larger national priorities.

It is time to support the emergence of National Champions who will be repositories of intellectual capital, have strong R & D capability, a vibrant bandwidth of human capital inspired to serve larger national goals, and above all, the competitive capability to create business models that deliver larger societal value.

"It is my strong belief that India's ability to address its myriad challenges will critically depend on its capacity to establish and support world-class "Indian enterprises" that are passionately driven by the vision to sub-serve larger national priorities."

To my mind, what distinguishes a truly vital "Indian enterprise" is its depth of commitment to the Indian economy. Such Corporate Champions innovate to create, capture and retain comprehensive value for the Indian society by building assets in the country, by contributing to a virtuous economic cycle of investment, by generating and redeploying surpluses for national economic growth, and by creating sustainable livelihoods. These vital "Indian enterprises" leverage best-in-class technology, resources and capital from all over the world to create enduring assets for the nation. Thus an 'Indian' Corporate Champion is borne out by its approach and commitment to the Indian economy, and the outcomes of its enterprise, rather than by the source of its capital.

A vital "Indian enterprise" by definition will be more inclined to participate in inclusive value chains that reach out to the weakest link – in many cases the Indian farmer, or the small entrepreneur – and enhance the competitiveness of the value chains of which it is a part. These enterprises will build world-class Indian brands, thereby capturing complete value for every consumer spend vis-a-vis the royalties payable for the use of foreign brands. It is important that enterprises operating in India are evaluated for their 'Indianness' on the basis of the net value that they capture for the Indian economy over time and are recognised and encouraged for such contribution. Such an approach will facilitate greater alignment of the business enterprises with national priorities.

ITC : CREATING ENDURING VALUE

As a Company deeply rooted in India's soil, and inspired by the opportunity to serve a larger national purpose, ITC had redefined its Vision a decade and a half ago to transform the **Company into a vibrant engine of sustainable growth with substantial and growing contribution to the Indian Economy. Your Company's choice of strategy was driven by an overarching aspiration to sub-serve larger national goals whilst rewarding shareholders by creating growing value for the Indian Society.**

A portfolio of Businesses was carefully chosen in areas where internal competencies best matched the emerging opportunities of a growing Indian economy. A robust corporate strategy of creating multiple drivers of growth was put in place which saw your Company entering new FMCG businesses as well as Information Technology in addition to revitalising and growing its existing businesses of Cigarettes, Paperboards & Packaging, Hotels and Agri-Commodities. To manage this diversity and retain focus on each business, a new corporate governance structure was designed with distributed leadership for effective management and attainment of international competitiveness.

You have been witness to the remarkable progress of this business portfolio in a relatively short span of time, creating immense value for our stakeholders and the nation. **Today, your Company is a leading FMCG marketer in India, the second largest Hotel chain, the clear market leader in the Indian Paperboard and Packaging industry and the country's foremost Agri business player. Your Company's wholly owned subsidiary, ITC Infotech India Limited, is one of India's fast growing Information Technology companies in the mid-tier segment.**

As a result, a treasure-house of brands and assets has been created in the last decade that promises to lend wings to an even more fulfilling future. ITC is now positioned in the frontline of the businesses of tomorrow backed by strong capabilities in R & D, world-class manufacturing practices, robust farmer relationships and a rich lineage of branding, trade marketing and distribution. What is perhaps even more significant is that these achievements have been in tandem with the creation of large scale environmental and social capital. Indeed, your Company is a National Champion in the making, creating massive multi-dimensional value for the country.

The super-ordinate vision to create enduring value for the nation is manifest in inclusive and sustainable value chains

that are driven by the vitality of your Company's world-class Indian brands. Let me delineate a few significant aspects in the shaping of this exemplary Indian enterprise.

Creating World-Class Indian Brands

A country's brands are a reflection of its competitive strengths and a manifestation of its innovation and intellectual capacity. I strongly believe that a country's economic capacity is significantly enriched when its institutions build and own internationally competitive brands. Winning brands serve as market anchors to support the competitiveness of the entire value chains of which they are a part. Strong domestic brands create much larger value since they create, capture and retain value within the country.

Your Company takes justifiable pride in creating world-class Indian brands that have demonstrated immense vitality in the global Indian market place. Leveraging enterprise strengths of over a century in terms of deep consumer insights, unwavering focus on quality, innovation, consumer-led differentiation, manufacturing excellence and a strong trade marketing and distribution organisation, your Company has created vibrant brands that have gained remarkable market standing.

✓ Within a relatively short span of time, your Company has established vital brands like **Aashirvaad, Sunfeast, Dark Fantasy, Bingo!, Yippee!, Candyman, mint-o, Kitchens of India in the Branded Foods space; Essenza Di Wills, Fiama Di Wills, Vivel and Superia in the Personal Care products segment; Classmate and Paperkraft in Education & Stationery products; Wills Lifestyle and John Players in the Lifestyle Apparel business; Mangaldeep in Agarbattis; Aim in Matches** and so on. In India's agricultural space, **ITC's e-Choupal** is a brand that is synonymous with farmer empowerment while in the services sector and in the hospitality segment, **ITC Hotel brand** is an embodiment of Responsible Luxury apart from its other high quality offerings such as **WelcomHotels, Fortune and WelcomHeritage.** ITC Hotels have pioneered the concept of branded cuisine in India with globally acclaimed restaurants including **Bukhara, Dum Pukht and Dakshin.**

✓ It is your Company's aspiration to **be the No 1 FMCG player in the country, taking into account only the new FMCG businesses.** A recent Nielsen report has highlighted that ITC's new FMCG businesses are the fastest growing among the top consumer goods companies operating in India. The Segment Revenues of the new FMCG businesses are growing at a much faster clip than ITC's traditional businesses touching **a turnover of over ₹ 5,500 crores in a relatively short span of time.** The topline from this segment is expected **to triple over the next 5 to 7 years to a level of ₹ 15,000 crores,** with your Company's products delighting millions of Indian households as well as adding significant value to the exchequer.

✓ **Strong Indian brands, when closely engaged with the value chains residing in India, support the competitiveness of the entire value chain and benefit all participants.** The diversity of your Company's portfolio is a unique source of competitive advantage for ITC's consumer brands. For example, the Aashirvaad brand benefits from ITC's agri-sourcing through the e-Choupal, enterprise strengths in blending, culinary expertise from the master chefs in its hotels, high quality safe packaging and branding expertise of your Company as well as the efficiency of its trade marketing and distribution network. As these brands garner more consumer franchise, the more are the returns to the farmers as well as to the entire income generating value chain, thereby enhancing livelihood opportunities.

As shareholders and consumers, you can also take justifiable pride that your **support to these Indian brands enables the creation of larger societal capital through the virtuous cycle of sustainable and inclusive growth.**

Supporting Value Chains: Creating Sustainable Livelihoods

ITC's abiding vision to serve national priorities has led to the creation of unique and innovative business models that simultaneously deliver the twin objectives of shareholder value creation and societal capital formation. This is manifest in your Company's conscious strategy to contribute to rural development in the context of its businesses through inclusive value chains that encompass the most disadvantaged in rural India. Creation of sustainable livelihoods is at the heart of this strategy. Let me highlight a few of these examples:

> **"I strongly believe that a country's economic capacity is significantly enriched when its institutions build and own internationally competitive brands."**

✓ **First, the Farm to Food Products Value Chain:** Today, **more than 4 million farmers in 40,000 villages** are benefitted by ITC's globally acknowledged farmer empowerment programme – **the ITC eChoupal** – the world's largest rural digital infrastructure. One of the most celebrated initiatives of ITC, the eChoupal has helped raise rural incomes by energising village communities into vibrant economic organisations thereby transforming rural lives and landscapes. Your Company's **sustainable agricultural initiatives supported by a Watershed Development Programme helps irrigate over 90,000 hectares** of water stressed areas, raising rural incomes by enabling the harvesting of additional crops. Farmer training programmes supported by Pradarshan Khets (Model Farms) help in inculcating sustainable agricultural practices and raising productivity, further improving the long-term realisation from the farmer's meagre resources.

✓ **Second, the Tree to Textbook Value Chain:** Recipient of the recent UN Award, this wood-fibre value chain has provided **over 56 million person days of employment to poor tribals and marginal farmers.** A conscious strategy to

promote clonal propagation of fast growing and hardy species through intensive R & D, has today led to **significant wasteland development and greening of over 125,000 hectares through ITC's Social and Farm Forestry Programmes.** These renewable plantations enable ITC to offer the greenest products in the country such as Classmate notebooks and Paperkraft business and copier paper. **This year, the introduction of an innovative agro-forestry model has led to synergising tree growing with crop production, demonstrating that food and fibre security need not be mutually exclusive but be mutually reinforcing.**

- In addition, your Company's **Wealth out of Waste (WoW) programme** that promotes resource conservation through recycling is a source of sustainable raw material for ITC's Paperboards business. **I am given to understand that over 3 million citizens, 500,000 school children, 350 corporates and over 1,000 commercial establishments support this programme, which in turn helps augment green cover, conserves energy and scarce natural resources, makes surroundings clean and healthy and creates livelihood opportunities.**

✓ **Third, the Animal Husbandry Value Chain:** Your Company has been engaged in Livestock Development programmes with the objective of increasing milk productivity thereby raising farmers' incomes. **With Animal Husbandry services extended to over 3,00,000 milch animals, the increasing level of milk production is enabling dairying to emerge as a commercially attractive non-farm livelihood.** This year, ITC has intensified this programme around the adjoining districts of its Munger Factory in Bihar. The ground breaking of the Munger Dairy & Social Development project will take place shortly, which over time will substantially enhance the livelihood potential in the area. As this CSR intervention achieves scale, it will enable the development of a competitive value chain which in turn can feed a packaged dairy products business and support the creation of vital Indian brands that will further lend sustainability to the entire value chain.

> **"Your Company's bouquet of world-class brands together with its sustainable and inclusive value chains create enduring value that is manifest in ITC's growing economic contribution as well as in its capacity to invest in the future."**

✓ **Fourth, the Agarbatti Value Chain:** The linkage of ITC's Women Empowerment Programme to ITC's Agarbatti Business with the brand Mangaldeep is yet another unique example of livelihood creation through competitive value chains. **Through these programmes, nearly 40,000 women have been provided gainful livelihood opportunities.**

These value chains have not only created millions of sustainable livelihoods but have also simultaneously created large scale environmental and financial capital. In the process, it has also demonstrated the magnitude of contribution that institutions like ITC can create for the Indian society through innovative business models.

Low Carbon & Green Strategy of Growth

Your Company's low carbon and green strategy of growth contributes to the country's efforts in climate change mitigation and creation of natural capital. You are aware that **over 38% of total energy consumed in ITC is now from renewable sources.** Your Company has made significant investments in wind power projects as well as in biomass-based energy production systems to meet its requirements. **More than a dozen ITC facilities now run more or less completely with renewable energy.** This includes premium luxury hotels and factories in several locations as well as the ITC Infotech Park and the ITC R & D Centre in Bengaluru. Such a large footprint of renewable energy not only reduces our demand for fossil fuels but also contributes to cost efficiency in the long term.

Your Company's bouquet of world-class brands together with its sustainable and inclusive value chains create enduring value that is manifest in ITC's growing economic contribution as well as in its capacity to invest in the future.

Contribution to the Exchequer

✓ **For every Rupee of 'value addition' in ITC, nearly 74% accrues to the Exchequer.** Over the last 10 years, the cumulative accrual to the Government Exchequer in the form of taxes comprising excise duty, income tax, dividend distribution tax, value added tax, entry tax, octroi and other State levies is **nearly ₹ 1,00,000 crores. ITC is one of the top 3 taxpayers amongst the listed private sector companies in India.**

Foreign Exchange earnings

✓ The total **foreign exchange earnings of the ITC Group for the last ten years amounts to nearly US$ 5 billion, of which agri-exports constitutes 56%.** This reflects your Company's contribution to the rural economy through effectively linking small farmers with international markets.

Accelerating Investments in India

a) Building Assets for the Future

In recent times, economists and analysts have expressed concern on the slowdown in the pace of capital formation in the Indian economy putting at risk future job creation and income generation. It has therefore become all the more important to repose faith in the long-term prospects of the Indian economy and invest in creating assets for the future. Your Company has charted an investment programme of nearly **₹ 25,000 crores over the next 5-7 years in support of the need to raise the pace of investment in the Indian economy. At the current moment over 40 projects, large and small, are in various stages of implementation across the country.**

It will help greatly the cause of stimulating the Indian economy

and easing the supply side influences on inflationary expectations, if every enterprise operating in India were to, wherever feasible, advance its investment programme by one year.

b) Building Intellectual Capital for the Future

Your Company's determination to build intellectual capital as a source of sustainable competitive advantage for the future is manifest in the establishment of a state-of-the-art R & D Centre at Bengaluru. The distinctive construct of your Company in terms of its growing presence in agriculture, food and personal care businesses, is enabling a synergy of R & D capabilities to deliver future products aimed at nutrition, health and well-being. **Recognising that special attention needs to be accorded to tackle the metabolic disorders common to the Indian population, several long-term research platforms have been designed to create unique nutritional interventions that can address cardiovascular health, diabetes and cognition.** These world-class R & D initiatives are aimed at improving the quality of life of the people with science-led nutritional strategies. In addition, considerable progress is also being made in agri-science research to significantly increase yields, quality and other traits of crops relevant to your Company's businesses. I am confident that, going forward, ITC's R & D capabilities will add new dimensions of competitiveness to your Company.

ITC's growing contribution across all the dimensions of the triple bottom line, namely, in creating economic, environmental and social capital should reaffirm your confidence that your Company is well poised for creating even greater value in the years to come.

MOBILISING BUSINESS CONTRIBUTION FOR PEOPLE AND PLANET

Business and industry can indeed make an invaluable contribution beyond profit to serve the people and the planet. Yet, these exemplars are few and far between. **As things stand today, it is an unassailable fact that markets seldom reward corporate virtue.** This ambivalent market response does not necessarily ignite creativity and innovation in corporate action to accelerate social benefit.

However, a paradigm change can take place if strong market drivers emerge to support corporates that innovate to deliver larger sustainable and inclusive value. For example, if differentiated and preferential fiscal or financial incentives were to flow to companies with sustainable business practices, a company's commitment to societal value creation would also be rewarded with a financial dimension. This in turn will spur a massive movement in corporate innovation to integrate business goals with the building of societal capital. Companies will vie to make Sustainability a competitive value proposition. In addition, civil society, by exercising their power of consumer franchise in favour of such responsible enterprises, can also unleash significant market forces to reward these corporate champions. A new system of rating will have to be developed to guide enlightened consumers. Therefore, new institutions will be required to evaluate and award such ratings. As you may recall, I had devoted an entire speech at the AGM last year on the theme: "Making Markets work for Green GDP and Sustainable Livelihoods" which lays down an extensive institutional framework to enable such a paradigm change. To refresh your memory on the specific issues discussed, you may like to visit ITC's web-portal (www.itcportal.com) to access a copy of that address.

"Markets seldom reward corporate virtue... However, a paradigm change can take place if strong market drivers emerge to support corporates that innovate to deliver larger sustainable and inclusive value."

CONCLUSION

Creating an engine of growth for the Indian society that fosters such large scale sustainable and inclusive development is at once a humbling and satisfying experience. When the world acknowledged such contributions at the Rio+20 UN Summit recently, when we see your Company's initiatives transforming many lives and landscapes, when we see our new brands achieve positions of leadership, when we see yet another factory and yet another hotel springing to life, there is a moment of quiet fulfillment that this journey so far has indeed been worthwhile. Yet, there are many more milestones to cross, and I am sure I can draw upon the collective wisdom and efforts of the dedicated professionals who constitute a world-class Team ITC to take this Company to even greater heights in the future.

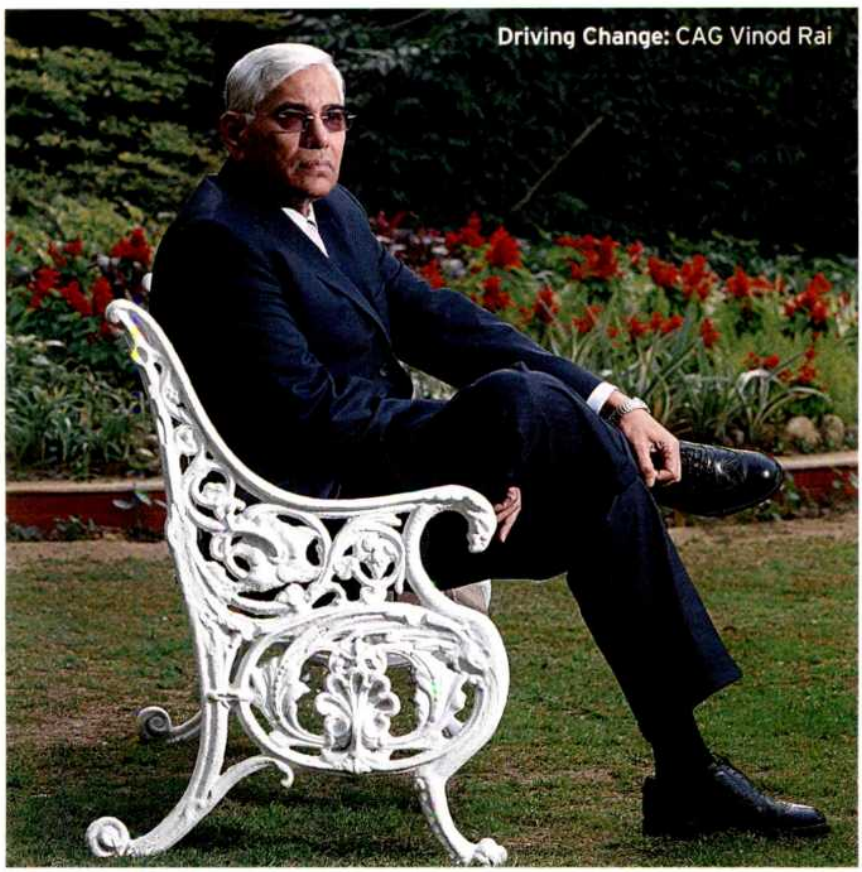
As I conclude, may I on behalf of the Board and the employees of your Company once again thank you, our valued shareholders, for your continued support and encouragement.

This is the complete text of Chairman Y C Deveshwar's speech.
The 'video on demand' of the speech can be viewed at www.itcportal.com.
For a booklet of the speech, please write to the Corporate Communications Department, ITC Limited, Virginia House, 37 J. L. Nehru Road, Kolkata 700 071 or e-mail to ccd@itc.in

AGENT VINOD

The political chaos resulting from the CAG's reports is catalysing reform.

By TEAM BT



Driving Change: CAG Vinod Rai

HEMANT CHAWLA

THE NATION'S AUDITOR

The CAG and the Indian Audit and Accounts Department function as the nation's top audit institutions

The CAG's role is to point out financial irregularities in public accounts, non-compliance with laws, wasteful expenditure, etc

It covers ministries, public sector units and state-funded bodies, including public-private partnership projects

CAG reports are submitted to the President or Governor and then tabled in Parliament or state legislatures

The reports go to parliamentary panels for detailed examination. The panels' suggestions are not binding on the government

The most unassuming of men sometimes turn out to be the tormentors that men and women in power – and ordinary people – are plagued by. Vinod Rai, the tennis-playing Kerala cadre 1972 batch IAS officer who is India's Comptroller and Auditor General (CAG), is fast emerging as the bad dream of the Manmohan Singh government. Four and a half years into his term, Rai is making sure his "performance audits" will draw a very clear line in the sand for honesty in government.

"We can no longer continue to deceive ourselves that it is the duty of the government of the day to fight corruption," Rai said in a speech last year, arguing that it was up to citizens to ensure that legislation was implemented. "In doing so we will all be providing an element of vigilante which will keep the government on

KONICA MINOLTA

Giving Shape to Ideas

Everyone has an idea but what matters is how you innovate and take it further. So when it comes to printing, copying or scanning, Konica Minolta provides optimal solutions to solve any challenge with results beyond expectations. Our new bizhub multi-function printers bring joy, surprise and a better future for all.

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For it is Written

A CAG who does not evaluate the performance of the government is failing in his constitutional duty

The Comptroller and Auditor General (CAG) is an important constitutional functionary. He is a facet of the entire principle of accountability, which is the cornerstone of the Indian Constitution. The Constitution is founded on principles of high public morality and also on the principle of transparency and accountability to Parliament. Now, Parliament is a sovereign body. Its supremacy, in fact, enhances the measure of accountability. So, whenever there is an organ which is placed by the founding fathers inside the Constitution, it means that the person becomes accountable to the Constitution. The CAG is accountable to the Constitution and to the special statute under which the various functions of his office are delineated.

The CAG brings three important aspects into focus. First, the lack of adherence to established procedures is a part of his mandate. The CAG who does not do that is not discharging his duty properly. Second, he brings into focus the areas of accountability that need to be shown to Parliament. In other words, Parliament does not have a machinery by which it discovers the way in which the business of government has been done. There is no concurrent review of business done by the government. The third aspect is: does the CAG substitute his own policy perspective for that of the government? The answer is: no. The CAG does not judge government policies, but he looks at the material that is before him to see whether relevant factors have been taken into account and established governmental objectives have been adhered to in a decision.

Now, the grey area is in relation to performance audit. Does the CAG have the power to conduct a performance audit, which is like an audit of the functioning of the government? Traditionally, there has been a view that accounting and governmental procedural compliance is more the domain of the CAG. But, in my view, having regard to the ethos of the Constitution, the CAG is certainly entitled to take a view with reference to material that is furnished by the government. A government can disagree with the CAG's report, but the role played by the CAG is valuable in itself. In fact, if there are findings in the CAG's report, the process is not over; it goes to Parliament, to the Public Accounts Committee (PAC), where it is considered.

The CAG is an adjunct functionary of Parliament. This is where, according to me, parliamentary consideration of the CAG's report becomes very

its toes," Rai added darkly.

Rai's audits may not speak about corruption explicitly, but they highlight gaps in implementing policy, and the arbitrary manner in which decisions have been taken. This has partially contributed to the so-called policy paralysis. But it is also catalysing reform in the business of government, sometimes under duress.

That reform began when the CAG's performance audit of 2G spectrum allocation was tabled in November 2010. The report concluded that the allocation was arbitrary and that the correct value of spectrum could only have been determined in a market-driven process. This triggered a series of developments, culminating in a Supreme Court ruling in February this year that cancelled the 122 telecom licences issued in 2008. The apex court also ruled that all natural resources must henceforth be auctioned, and not allocated on a first-come-first-served basis.

For a while, the government tried to wriggle out of the auction *fatwa*, stating that the apex court could not dictate policy. However, that stance appears to be changing after a committee headed by former finance secretary Ashok Chawla submitted its report in 2011. The

A government can disagree with the CAG's report, but his role is valuable in itself

relevant. And there, it is the PAC that has a unique role to play in assessing the report, and the disclosures made in the report. All this has a direct bearing on the governance structure.

In a parliamentary democracy, freedom of speech inside Parliament is one of the most protected fundamental, constitutional rights in our country. It is a part of the basic structure of the Constitution, and it is important that Members of Parliament, irrespective of political affiliation, ask questions when various conclusions are brought to their attention by the CAG. They should be able to demand a statement about any irregularity that is apparent.

So, the CAG's role is to enhance accountability. But if he is only treated as an adverse friend, as one whose comments need to be dealt with and buried, then the entire scheme of the Constitution, which contemplates a running wheel of accountability, will be stopped.

Whether the CAG's conclusions are correct is one thing. The CAG is only a starting point. The real point is Parliament, and it is the performance of parliamentary institutions in dealing with the CAG report that is more important. A CAG report is aimed at moving the wheel of parliamentary accountability. This is really the way in which the office of the CAG has to be seen. He is one of the most critical players in making relevant information available and analysing that information. He has to distance himself completely from government, and take an independent view.

Performance audit is a very intricate subject by itself. The incumbent CAG, to be fair, realises that he is setting a new trend, that he is embarking into new territory. Here, I think there must be broader consultation by the CAG on the performance audit. I would appeal to him, since this is a new dimension that has a direct bearing on accountability and governance, that he look at some international models of performance audit. He has looked at some international models – I can see that in his reports. But I think we need to have a more broad-based consultation.

The present CAG has taken into account the high moral stature that his office must discharge. We have had eminent CAGs. Many of them perhaps have not got publicity because they dealt with slightly different issues. But T.N. Chaturvedi, C.G. Somaiah and many others have upheld the value of this institution. This is one of the most valuable institutions and it should not be permitted to be decried.

Any criticism by a functionary under the Constitution must propel you to greater scrutiny, greater action and greater correction. That is the way you move forward in a democracy. Parliament cannot do everything by itself. In our system of republican government, executive governance is left to the executive. And the executive is accountable to Parliament. The CAG ensures that accountability by being able to analyse, oversee and review its performance.

The need for a lokpal will be much less is if there are internal standards and conventions of self-correction. I think this is a point that the government must consider. Can it not, as a matter of convention, thoroughly discuss CAG reports and respect PAC reports? Can it not use CAG reports as a building block for the future? These are important issues before the government.

As told to Sanjiv Shankaran

committee had been tasked with recommending a transparent and competitive mechanism to exploit natural resources. Its report said that the government needed to move towards competitive bidding for natural resources, with clearly defined auction procedures, and appointment of independent regulators to ensure fair play. In February 2012, a Group of Ministers (GoM) accepted most of the committee's suggestions. The recommendations have to be cleared by the cabinet, but the broad template for future policy has been set by the GoM.

"The CAG's reports will lead to greater transparency in the allocation of natural resources," says Mahesh Uppal, a telecom policy expert. Not that the government appears to have much choice. A series of stinging reports by the auditor–on the allocation of 2G spectrum, Commonwealth Games, Adarsh Housing Society in Mumbai, Delhi International Airport and allocation of coal blocks – have today made it impossible for any government to stick to a discretionary framework in decision making.

The CAG report on coal blocks indicates how governments—irrespective of political denomination—have been keen to hold on to

discretionary powers in allocating natural resources. The report has pulled up the central government for the arbitrary manner in which it allocated coal mines, instead of auctioning them to the highest bidder. This allegedly allowed the allottees to make windfall gains.

In 2004, and many times thereafter, the coal secretary had suggested that the government adopt competitive bidding for allocation. It cited the substantial difference between the price of coal supplied by state-owned Coal India and of coal produced through captive mining. But this advice was disregarded.

In 2005, the chief ministers of non-Congress ruled states such as Rajasthan, Chhattisgarh and West Bengal shot down the central government's proposal to move towards auction of coal blocks. Meaning, the Bharatiya Janata Party and Left Front, which ruled these states, are not exactly on solid ground when they accuse the UPA government of wrongdoing.

"Allocation of natural resources has always smacked of some kind of 'insider trading' between politicians and vested interests," says M. Govinda Rao, director of National Institute of Public Finance and Policy, who is also a member of the Prime Minister's Economic Advisory Council.

But things are changing. An indication of that change came on August 24, a week after the CAG report on coal was placed in the public domain. While the numbers in the "scam" are in dispute, the issue may actually lead to fast-tracking of the process to set up a coal regulator. "The GoM headed by me is reviewing the Coal Regulator's Bill," said Finance Minister P. Chidambaram, addressing a press conference on August 24 along with Coal Minister Sriprakash Jaiswal and Law Minister Salman Khurshid. He confidently added that the GoM would clear the decks for the setting up of the regulator at its next meeting. "There is a view in the government that we should not make this new office as a "coal controller", taking decisions on licences. The regulator must regulate," Chidambaram added. That should have made Rai smile.

VIVAN MEHRA

Sweet Deal: The CAG says Delhi airport operator DIAL got land cheap

Disputed Mandate

Experts quibble about the methodology the CAG uses to calculate financial gain or presumptive losses. And it has almost become the norm for the government to attack the auditor for what it says is an overreach of its constitutional mandate. Perhaps not surprisingly, the three ministers spent the first part of their press conference on August 24 pointing at gaps in the logic underpinning the CAG's conclusions. "If the coal is not being mined, there is no question of gain or loss... the notion of this presumptive loss is flawed," declared Chidambaram.

Others, however, believe the auditor is merely doing its job when it points out irregularities in the execution of policy (see Gopal Subramanium's column on page 33). Even insiders feel that the larger points the CAG has raised cannot be contested. "The numbers may be debatable," says Jagadish Shettigar, who was an economic advisor to former prime minister Atal Bihari Vajpayee. "However, the fact is that the government has not followed due processes in the allocation of natural resources."

The fallout of the government's processes is being felt across the economy. It has created uncertainty and vitiated the environment for investments. The Planning Commission envisages India will need an investment of $1 trillion in infrastructure over the next five years, of which about 50 per cent has to come from the private sector. In the prevailing environment, made worse by the global economic crisis, it is hard to see how those investments will come in.

Even the Reserve Bank of India has acknowledged that paralysis in governance has acted as a drag on economic growth. In 2011/12, the economy grew 6.5 per cent, the slowest in nine years. Yet, if the CAG's indictments ultimately lead to transparent governance processes and drive long-term growth, the current ills may someday be forgotten. As for Vinod Rai, perhaps a future government will name a road after him somewhere. ◆

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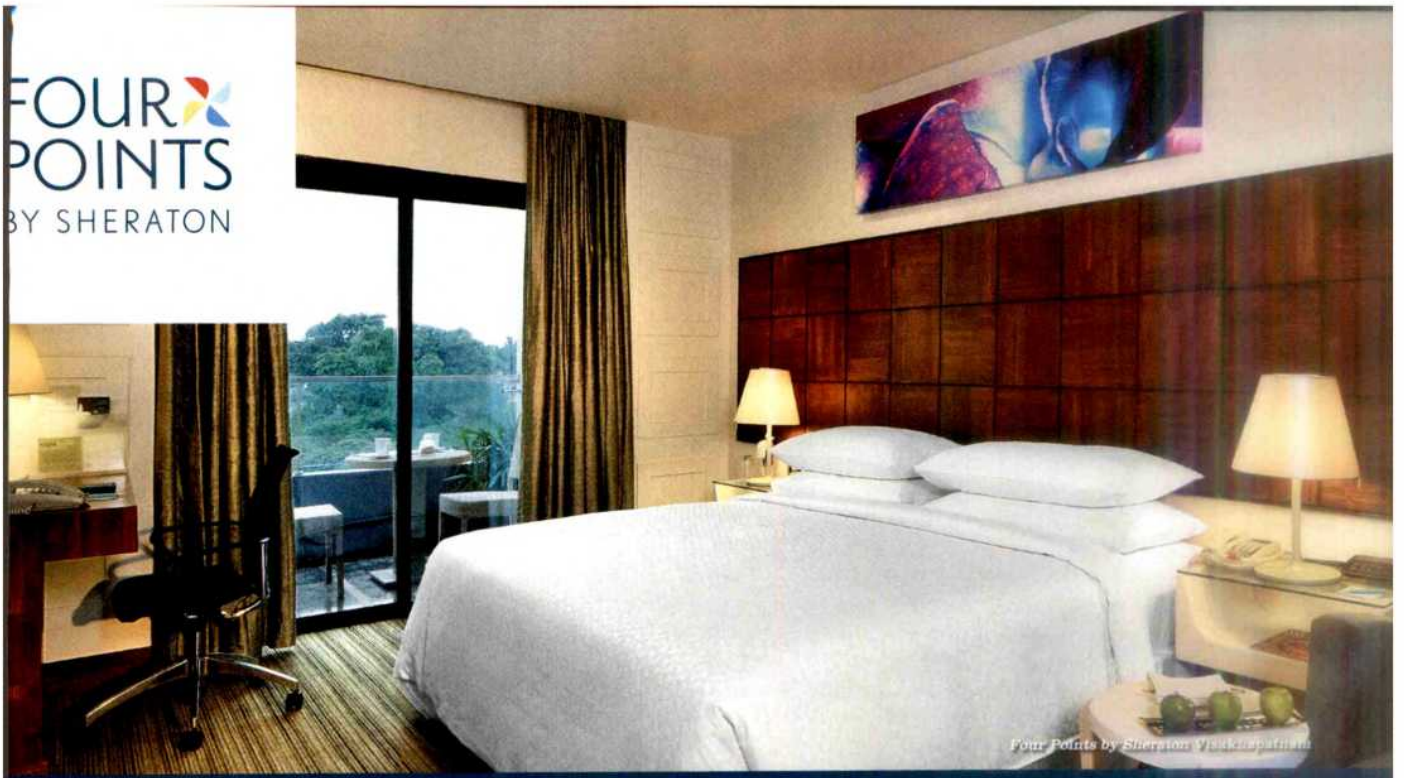
FOUR POINTS BY SHERATON



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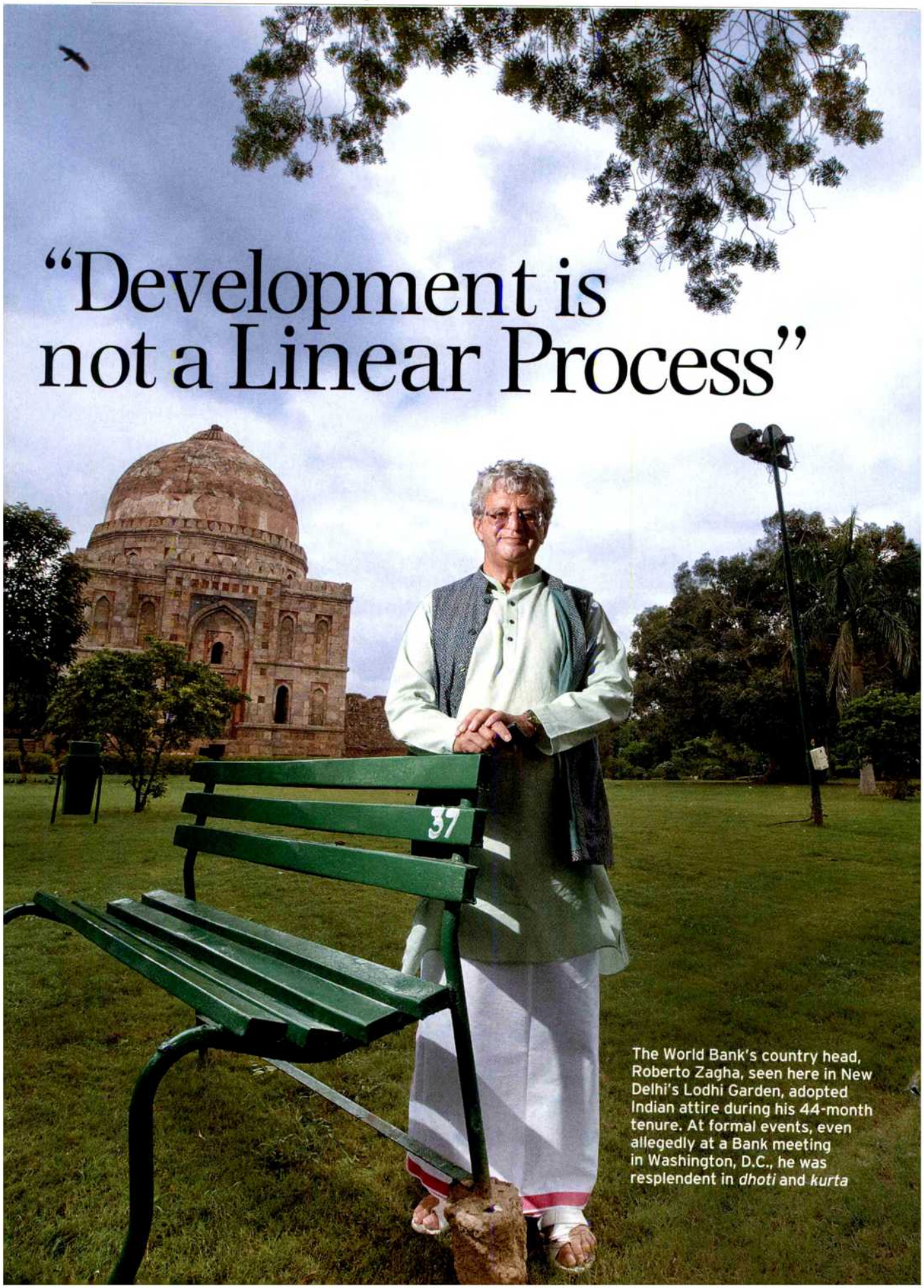
"Development is not a Linear Process"



The World Bank's country head, Roberto Zagha, seen here in New Delhi's Lodhi Garden, adopted Indian attire during his 44-month tenure. At formal events, even allegedly at a Bank meeting in Washington, D.C., he was resplendent in *dhoti* and *kurta*

ROBERTO ZAGHA *has been the World Bank's Country Director in India since January 2009, when the economy was reeling from the global financial crisis and just before the national elections that brought the UPA back to power. Zagha, a Brazilian national, has been closely involved with India policy at the Bank for 17 years. During his tenure, the Bank became involved in several transformative projects; annual lending to India reached a record $9.3 billion in 2010. Days before he ended his India assignment, Zagha sat down with* CHAITANYA KALBAG *and* SANJIV SHANKARAN *for a frank, wide-ranging interview. Edited excerpts:*

CK: *What do you feel about this general air of pessimism on the economy, and why do you think there is a feeling that everything is going in the wrong direction?*

RZ: When an economy grows at very high speeds – I think it was growing at 9 to 10 per cent just before the economic crisis – this is a very profound system change and that creates a lot of shocks: shocks in vested interests, shocks in established systems, established ways of operating. So, you need constant change to sustain that. To achieve this change, you need a lot of political re-alignment and consensus.

As the economy grew and created pressure, for example, in energy and power, the fact that you had such a huge increase every year like 12 to 14 per cent increase in demand for power created a very significant stress. Now, the institutions and the systems in place were not geared towards responding to that for a variety of reasons. Coal India needs to be very responsive to demand. The tariff setting system is such that if you were to substitute Coal India coal by imported coal, you would have to factor in a new cost structure. The captive mines were not allowed to sell in the domestic market. So, you had a series of places where the regulators were not operating the way one expected them to operate (after) the reforms of the power sector in 2003. So, you need to adapt and change, and coalition politics can very easily impede that change.

CK: *But you must have met people from all parts of the political spectrum. One of the things that people say for a country of India's size is that there ought to be political consensus, that there needs to be continuity of economic policy.*

RZ: That is what the prime minister has said, that it is a national security issue, and I think he is very right. The question is how do you translate that in a democratic setting. India is not unique. Look at the United States.

"YOU NEED TO ADAPT AND CHANGE, AND COALITION POLITICS CAN EASILY IMPEDE THAT CHANGE"

They have failed massively in a variety of policy areas because it is very hard for democracies to build consensus. The same in Europe. Europe is going through an unnecessarily profound economic crisis, because people have different ideas about how to respond.

CK: *There seems to be an absence of urgency and passion in terms of where we need to go.*

RZ: India has many gods. You just cannot push a button and resolve the power crisis. You need to bring them along. Coal India – the private mines which have been given licences to operate, the state governments, the central government. So, when you start looking at what's needed to resolve the power crisis, it's not beyond India's capacity to do it. It is in a sense very easy. But when you look at the different interests and systems and institutions that need to be brought along, it becomes very difficult.

We have an interesting case with one of our own projects – the Vishnugad Pipalkoti project on the Alaknanda river. It is throwing up a whole series of issues – how do you bring different parts of society to agree on something; how they are going to use the waters going into the Ganga, which are considered sacred. So, we said at one point that if we had a power unit which would leave a minimum flow in the river, which would enable pilgrims to bathe and reach their shoulders, that would be enough. But not really, because some people feel that that would desecrate the waters. Others feel the waters are losing their health impact because if they don't reach the rocks and go through a cement tunnel, they lose the capacity of gathering minerals. You have to respect those and as a result of that our project is paralysed until the issue is resolved even though the green tribunal has cleared the project. Now, there are 77 (hydro-electric) projects in the Himalayas which are in different stages of implementation. Any economic progress has some environmental consequences. So, society needs to decide how it is going to resolve different preferences. The bottom line is that you need to bring a lot of people to agree on important issues, and India is a very argumentative democracy.

CK: *That must be frustrating in many ways.*

RZ: It is not frustrating. You have to respect the way development takes place. Development is not a linear process. The simple fact that you have to increase power generates a whole series of questions about how society values progress, how society values its natural resources, how society re-

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solves conflicts. That's why I said there are many gods and at some point they have to agree.

So, was I frustrated? I mean, you would rather see things being resolved rather than not resolved and at the same time you have to admire the capacity of this country to have put itself together after two centuries of stagnation. Between 1750 and 1950, India barely grew in per capita terms. Less than one per cent or 0.5 per cent (annually). Over 60 years, which is two generations, not that long, you have an economy which is much more productive, able to maintain democratic systems, has achieved growth rates that are demonstrably high, has reduced poverty massively. You went from less than 10 per cent enrolment in primary education to almost 100 per cent. Still, the problems are enormous: gender disparities, sex ratios of girls and newborns, quality of education, power, water, urbanisation.

CK: ***India is a unique case in itself. You cannot draw parallels with any other developing economy that might have been on a similar path.***

RZ: I think India is unique in that it is so large. In Brazil we have had periods of very high growth that created similar situations. But we have an area that is three and a half times that of India, and a population the size of Uttar Pradesh. So, it faces less stress.

SS: ***You have also talked about the "low hanging fruits" of policy...***

RZ: What I meant by low hanging fruits is that there are solutions. But I don't think you can just push a button. It is not beyond human ingenuity to resolve the power crisis. For example, today you have private mines which could easily increase production. If you increase production of coal mines, you can have better utilisation of existing thermal power. This is an easy solution. This will not by itself resolve the power crisis. The power crisis has different elements: what the situation is today, what the situation will be in five years, different roles of hydro, thermal, nuclear, and how you are going to create a system that is financially sustainable. Today you don't have that in India. Consumers are not getting power. State electricity boards are not financially solvent. So, I cannot give you one solution.

"YOU NEED TO HAVE INSTITUTIONS WHICH ARE MORE RESPONSIVE TO PUBLIC NEEDS"

CK: ***I keep hearing farmers are willing to pay for electricity if there is assured supply. Do you think the government needs to say we are at a mature enough stage and end subsidies?***

RZ: I don't think that you can do that at one stroke...it has to be done over time. I think you need to have institutions which are more responsive to the needs of the public but have more authority in terms of their finances. On the basis of consumers being willing to pay whatever they are asked to pay, there is a need for a new equilibrium. This happens all over the world and it happens in India in a number of areas as well. Gujarat, for example, and even in Mumbai, people pay for their electricity and haven't suffered as much. It is a pretty reliable system. Even Kolkata is doing well. So, you can see that this is not a crazy proposition. People will pay if they get the service. No city in India gets water 24 hours a day, seven days a week. Don't even talk about the quality.

SS: ***There was a World Bank study on the extent of debt state electricity boards have. You have an internal group studying the problems. What have they found and what solutions have they suggested?***

RZ: You will have to talk to them as I haven't yet taken stock of that. In my perspective... clearly, number one you have to have a different system for coal. The system has to be a mix of private production, a revitalised Coal India, and imports. That means the price of coal needs to be more market based. And if the price of coal is more market based then you need thermal power companies, generators which can reflect these higher costs. Which means regulators which are more ready to balance the interests of consumers and producers. And you need to have them more attuned to the interests of the producers. You cannot ask producers to produce power at a loss. This is what has been happening. So, that is one set of issues. The other is the environmental dimension...Coal happens to be in protected forest areas or where the tribals are. So, what do you do? Destroy the forests? Or destroy them temporarily and restore them? These are issues that need solutions.

SS: ***You plan to almost double the India funding from $14 billion to $25 billion. There seems to be a change in the World Bank's approach because you are clearly looking at transformational projects, like the Dedicated Freight Corridor at the eastern end. Why these huge projects?***

RZ: When you look at the six decades of the Bank in India, what always impresses me is that my predecessors have been doing a remarkable job of

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putting the Bank where it is most useful to India. So, when you look at the 1950s...what I found remarkable is that when you look at the pillars of India's development, the World Bank has been present (for) most of them. The first loan of the Bank was for the Railways. We had 20 loans and the last request was in 1991, and it was turned down because we wanted the Railways to do very simple accounting reforms – not structural reforms. And that is when we stopped lending to Indian Railways and started lending only to offshoots of the Railways like the Container Corporation.

The general point is that the Bank was where the action was. In the 1950s, '60s, '70s, you name it, the Bank was present. The creation of India's financial sector–there is hardly one financial institution where the Bank has not been associated at one point or the other. ICICI, IDBI, HDFC, IL&FS, NABARD and so on and so forth. The manufacturing sector – again there is hardly one public sector enterprise where the Bank has not been involved. Cement Corporation of India, Indian Oil Corporation, SAIL, HPCL...

When India started focusing on education, the Bank was very instrumental and this involved changing, because the Bank was evolving over time with respect to sectors, projects etc and we were engaging in some of the formative projects. For example, in Uttar Pradesh, we have a small health project which tries to improve the efficiency of public sector spending, which is 20 times as large as the Bank's project.

CK: *Have those kinds of projects actually catalysed the way the Indian government handles the larger projects in the same domain?*
RZ: That is the goal. It is a bit early to say success has been achieved. The Ministry of Finance has developed a kind of strategy called Finance Plus in which it expects multilateral institutions, not just the Bank, but ADB (Asian Development Bank) or JICA (Japan International Cooperation Agency), to have not only financing but also system change and transformation. Sometimes we play a larger role to achieve the objective, sometimes we don't.

But when you speak about the doubling in lending, the reason was essentially that India was accelerating its responses to developmental challenges and expanding in infrastructure investments, expanding investments in education, expanding investments in environment. More and more you see Bank projects being used as agents of system change. To go back to the example of the railways, the bank was financing projects like tracks and locomotives and so on. But over time it became clear that what was needed was more profound institutional reforms. We moved out of the railways when it wasn't willing to do this.

"MORE AND MORE YOU SEE BANK PROJECTS BEING USED AS AGENTS OF SYSTEM CHANGE"

When the Bank was created (in 1944) the focus was the reconstruction of Europe and Japan. Institutions were present. What you needed was capital. There was not much thought given to institution-building, systems, the soft part of development. In the 1950s, 60s and 70s, as we started moving towards developing countries where the transformation of societies had not yet happened, the focus on policies and institutions became much more important. Therefore, we are much more concerned about financial management systems because we want to make sure resources are being used for intended purposes.

SS: *You have had this problem in South Asia regarding siphoning of funds. Your transparency unit feels abuse of power is a very big issue in corruption. What kind of design changes have you brought about because three or four years ago you had a big problem with health sector funding here?*
RZ: You know better than any bank official the problems associated with the delivery of public services. There are two things that are very important. One is corruption, when people misbehave. The other, you cannot call it corruption, but it is equally serious in developmental terms when people don't do what they are supposed to do. For instance, when a power plant is not being maintained properly. This is not corruption, but is not an accountable, responsible use of public resources. So, the Bank has tried to put in checks and balances in the design of projects. Most bank projects, you have an ombudsman and a grievance redressal mechanism....So, accountability is a very important concept that evolves over time. Look at the US today. Who's accountable for the financial crisis of 2008? Very few bankers ended up in prison.

CK: *In general, there is a feeling that things have started to reach a boiling point in India in terms of corruption. Is that true?*
RZ: I don't think so. People are more indignant about it. The system is less tolerant about it. India has more money than opportunities. ◆

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B-TOWN ON A ROLL

The box office is setting new records with more blockbusters than ever before. By ANAND J.

RACHIT GOSWAMI/www.indiatodayimages.com

Minting money from movies: Siddharth Roy Kapur, Managing Director, Studios, Disney UTV

CASH COUNT

All 13 films which crossed the ₹100-crore mark were released after 2008, and 11 of those hit theatres after 2010

The first week makes up about 40 per cent of a film's total box office collections

The success ratio has increased from 15 per cent to 25 per cent

Be it to watch a sperm donor's love affair, an athlete-turned-rebel's poignant tale or a pregnant woman's quest for her missing husband, Indians are flocking to movie halls like never before. And everyone from actors, producers and distributors to multiplex operators is laughing all the way to the bank.

The numbers speak for themselves. In 2010, two films made ₹100 crore in net box office collections, excluding taxes. The number of films touching the new benchmark for a blockbuster rose to five in 2011. Less than eight months into this year, five films have already crossed that mark, and more are expected to do so in the festival season when several top actors will showcase their work. Similarly, the number of films making ₹40 crore rose from 10 two years ago to 15 in 2011 and 14 so far this year.

What explains this spurt in the past two years? Analysts say there is a host of factors for the industry's great run. "It is the hard work that the industry and studios put in after the recession," says film trade analyst Komal Nahta. "Everybody pulled up their socks, including the marketing, distribution, pre-production and budgeting teams."

Siddharth Roy Kapur, Managing Director, Studios, Disney UTV, says more people are thronging the theatres for the "multiplex experience." In the past few years, multiplex chains have expanded with the rise in the number of shopping malls where these screens are located. On the other hand, single-screen theatres are finding it difficult to survive, especially in urban centres. There are about 1,000 multiplex screens in India and nearly 10,000 single screens. Multiplex chain operators, including PVR, Inox Leisure and Cinepolis, plan to set up 400 screens in the year through March 2013.

The increasing number of multiplexes has not hurt occupancy rates. In fact, PVR's occupancy rate has grown from 30 per cent in 2010/11 to 33 per cent in 2011/12 and 39 per cent so far this year. At Cinemax, occupancy has improved from 24 per cent in 2010 to 30 per cent up to July 31 this year.

Multiplex operators have also increased ticket prices by 15 to 20 per cent in the past couple of years, as they seek to cash in on the trend and to offset inflation. The average ticket price at multiplexes is now ₹145, compared with ₹60 at single screens. The growing importance of multiplexes is evident from the fact that they contribute about 65 per cent of the revenue earned by the top 50 Hindi films, according to BoxofficeIndia.com, a portal which tracks ticket collections.

The number of screens for releasing a film is rising, too, aided by greater use of digital prints. More than 75 per cent of screens use digital prints, from 50 per cent two years ago. The main reason is that digital prints cost ₹10,000 and physical ones ₹60,000. While for small films the number of screens has doubled to 600, for medium-budget films it has risen from 600 two years ago to between 1,000 and 1,200. Big-budget movies are released in as many as 3,300 screens now versus 1,500 earlier.

Still, a big budget does not guarantee success, and movies with unique ideas are drawing in more crowds. Small-budget films such as *Vicky Donor* and *Kahaani* have been a special feature of this year, says PVR Chief Operating Officer Gautam Dutta. Disney UTV's Kapur agrees. "We try to ensure that our bucket is always diverse and attracts all kinds of audiences," says Kapur.

Marketing strategies are gaining importance as well. For instance, Eros International, the studio which produced *Vicky Donor* with a budget of ₹5 crore, spent ₹7 crore on marketing.

Film makers are also giving a lot of thought to promotional videos to attract viewers in initial days. "The viewer makes up his mind on whether to watch a film then and there. You have to create curiosity with the trailer and promos," says

TOP PICKS: Net collections of 2012's hit films

Ek Tha Tiger collections until Aug 22

Nandu Ahuja, Senior Vice President, India Theatrical, Eros. This way the studios ensure a good opening on the first weekend or week, he says.

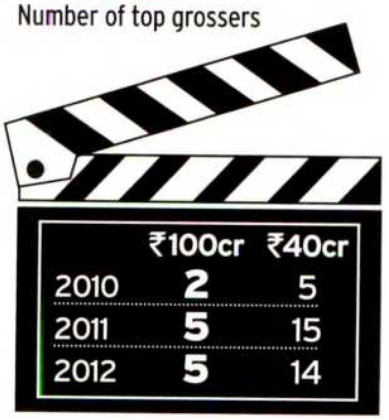
The first week and weekend contribute almost 40 per cent of a film's total collection. Even within the first week, the trend is getting skewed towards the weekend. The share of a weekend in the first week's collections has risen to nearly 66 per cent from 50 per cent two years ago.

This has prompted distributors to extend the first weekend to four or five days by taking advantage of public holidays. Big films, including *Bodyguard*, *Ra.One*, *Agneepath*, and this month's *Ek Tha Tiger* and *Gangs of Wasseypur 2*, were all released in the middle of the week. *Ek Tha Tiger*, starring Salman Khan, mopped up ₹32 crore on the day of its release on Wednesday, August 15, and crossed ₹100 crore in the first six days.

An industry analyst says focusing on the first week does not help much in total collection, as people who want to see a movie would watch it irrespective of the week. For instance, *Bodyguard* raked in ₹53 crore in its five-day-long first weekend and ₹143 crore overall. *Rowdy Rathore* collected ₹45 crore over its three-day-long first weekend and ₹132 crore in total. That boils down to almost the same ratio, he says.

Hit List

Number of top grossers



Keeping in mind this trend, multiplex chains are adopting varied tactics to maximise revenue. "Usually weekend customers are time-poor and cash-rich, and weekday customers are time-rich and cash-poor in relative terms. By following a differential pricing for the two sets we are getting good footfall across the week," says PVR's Dutta.

No wonder then that more films are recovering their production cost. Trade analyst Nahta says the success ratio of Hindi films has gone up from 15 per cent in 2010 to 25 per cent so far this year. The industry's local theatrical revenue is projected to grow 10.6 per cent to ₹7,350 crore in 2012/13 from ₹6,880 crore in 2011/12, according to the KPMG Media and Entertainment report 2012. Many more films will become profitable if satellite, digital, audio and home-video rights, and overseas box-office collections are included.

Among the films lined up for release later this year are Ajay Devgn's *Son of Sardar*, Akshay Kumar's *Joker*, Ranbir Kapoor's *Barfi*, Aamir Khan's *Talaash*, an untitled film starring Shah Rukh Khan, and the James Bond franchise's *Skyfall*. The box office looks set to extend the great run... after all, there are 18 Fridays to go! ◆

Source: Boxofficeindia.com, Koimoi.com

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Counsel for the Wise

By ALOKESH BHATTACHARYYA

"Many receive advice, only the wise profit from it"

Publilius Syrus, Syrian-Italian writer of maxims, 1st Century BC

Unfolding across the following pages are the personal accounts of 50 of India's "wise" men and women – the country's biggest corporate leaders. They are a diverse lot, from titans such as Anil Agarwal, Adi Godrej, K.V. Kamath and N.R. Narayana Murthy to the new set of Internet warriors such as Ishita Swarup, Deep Kalra, Kunal Bahl and Phanindra Sama.

Each one of them writes about the advice that worked for them. What is important to note is that they chose which advice they wanted to follow, and profited from it. And no, when we say profited, we don't mean "made money". Adi Godrej writes about how his mother's advice helped him realise the value of money. K.V. Kamath says his mentor N. Vaghul's advice to revisit a policy that came in the way of a big deal for ICICI's leasing business taught him to challenge the status quo. Ajay Piramal was inspired by the Bhagwad Gita's concept of Trusteeship. N.R. Narayana Murthy's high school teacher taught him to look after community property with greater care than his own.

There are many, many more. This package of sage and priceless advice is apt for times such as these, when there is turbulence – not merely economic but social and political as well. As you read over what has helped some of our most successful business people flourish, we hope you will find something that might help you on your way.

50 *Adi Godrej*
51 *K.V. Kamath*
52 *Y.C. Deveshwar*
54 *Anil Agarwal*
55 *Ajay Piramal*
55 *K. Anji Reddy*
56 *Y.M. Deosthalee*
57 *Shivinder Singh*
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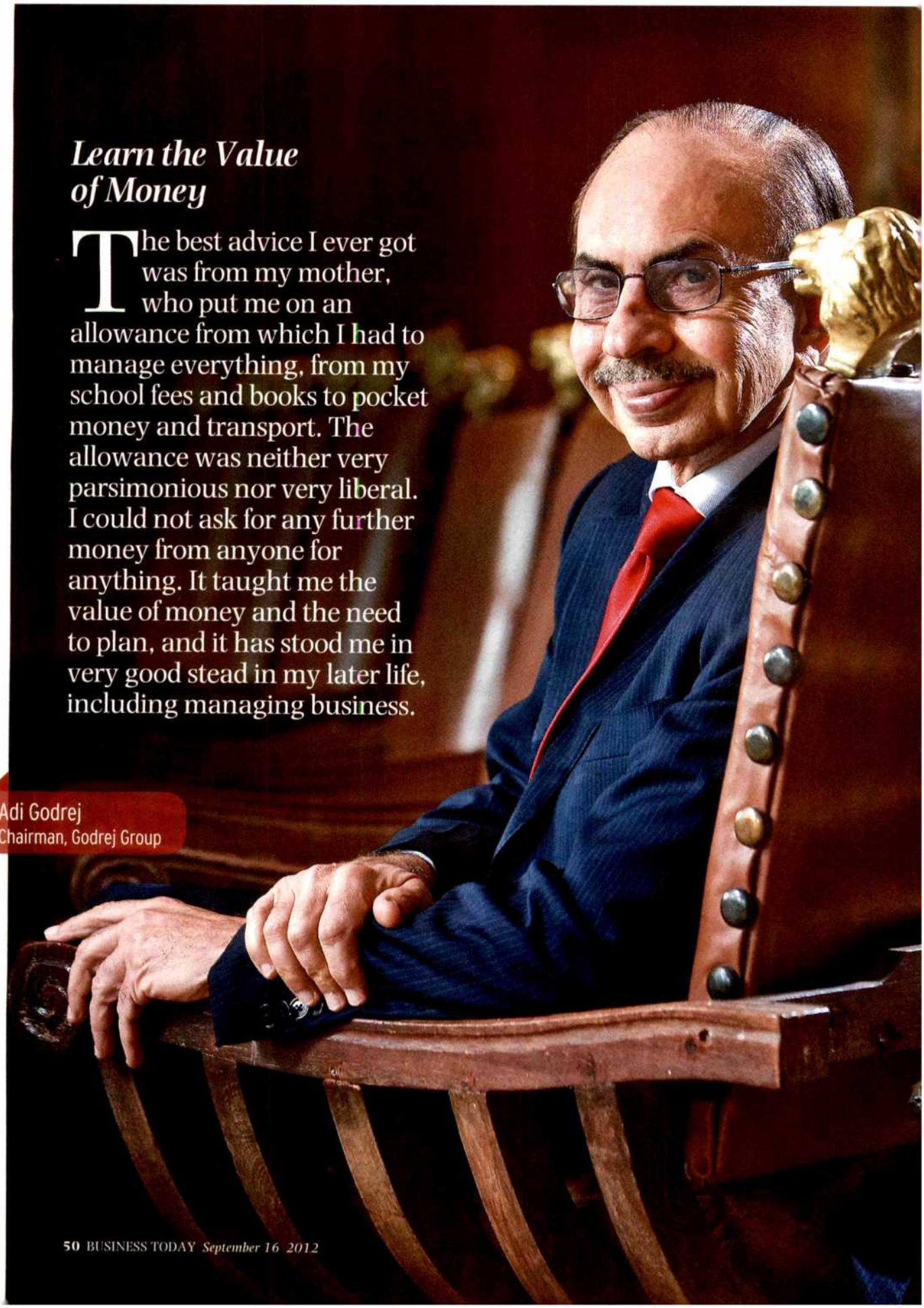
74 *V.G. Siddhartha*
75 *Riyaaz Amlani*
76 *Vijay Shekhar Sharma*
76 *Prashant Tandon*
78 *Anil Gupta*
78 *Krishnan Ganesh*
79 *Tulsi Tanti*
80 *Ashni Biyani*
80 *Manmohan Agarwal*
81 *Gautam Thapar*
82 *Naveen Tewari*
82 *Lynn De Souza*
84 *Baba Kalyani*
84 *Dhruv Shringi*
86 *Deep Kalra*
88 *Sachin Bansal*
88 *B.S. Nagesh*
90 *Ishita Swarup*
92 *Inderpreet S. Wadhwa*
94 *Pallav Nadhani*
94 *Alok Kejriwal*
96 *Phanindra Sama*
96 *Kunal Bahl*



Learn the Value of Money

The best advice I ever got was from my mother, who put me on an allowance from which I had to manage everything, from my school fees and books to pocket money and transport. The allowance was neither very parsimonious nor very liberal. I could not ask for any further money from anyone for anything. It taught me the value of money and the need to plan, and it has stood me in very good stead in my later life, including managing business.

Adi Godrej
Chairman, Godrej Group

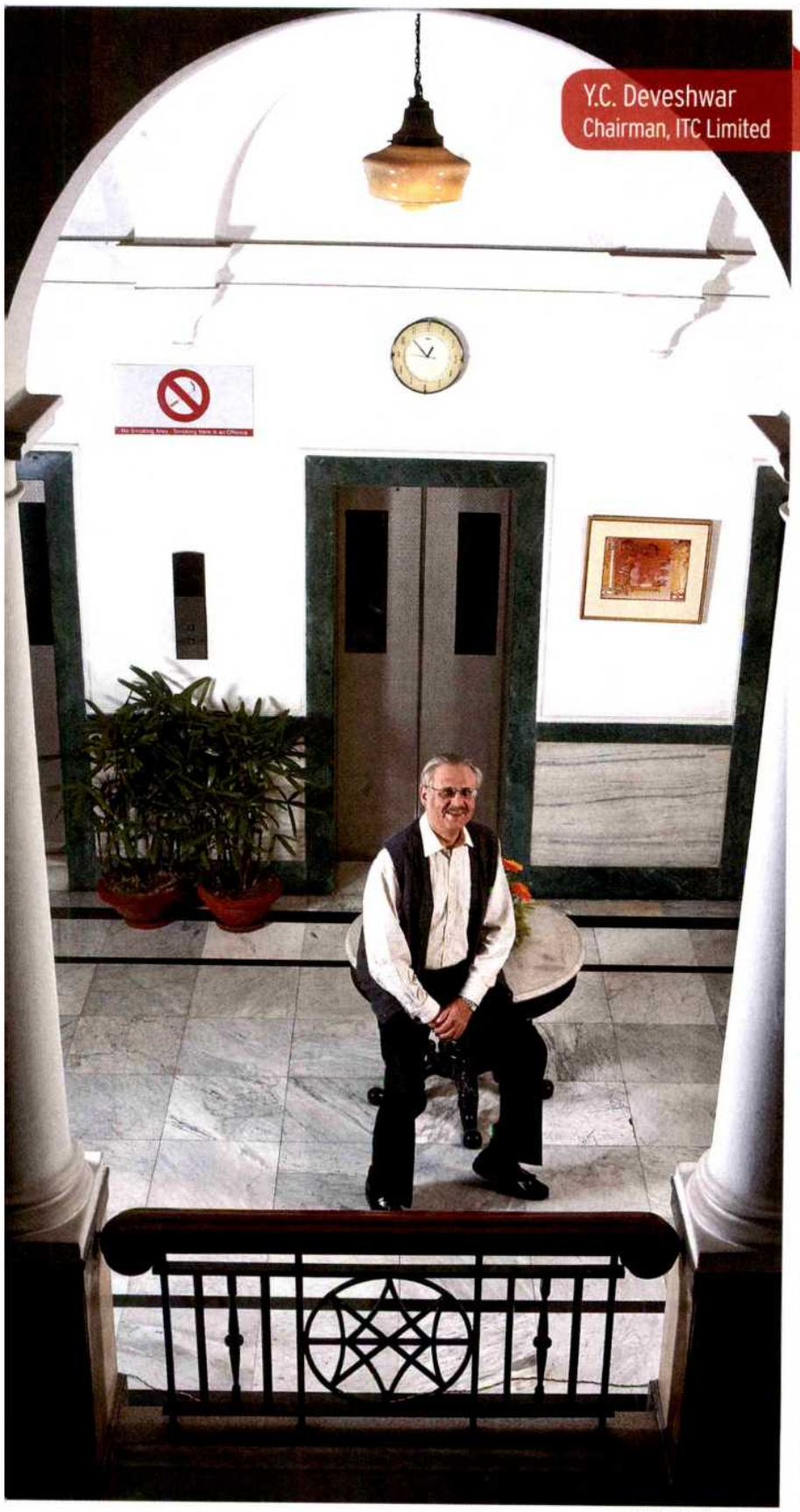
RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Challenge the Status Quo

I remember an interaction with Mr N. Vaghul in 1985, around the time he joined ICICI as its chairman. At the time, I was responsible for ICICI's leasing business, and Mr Vaghul called to ask me whether we were looking at a large aircraft leasing transaction which was being talked about in the market. I gave him several reasons why we could not do the deal: it was too large, we had a limit of ₹1 crore per deal, we didn't finance public-sector enterprises and so on. Mr Vaghul heard me out patiently and simply said: "If that is the policy, perhaps it is time to revisit it." That was a breath of fresh air! We ultimately did not do the deal, because it was indeed too large for us at the time, but we learnt a lot from just studying it. That piece of advice from Mr Vaghul taught me to always challenge the status quo and to not be daunted by a change in orbit.

K.V. Kamath
Non-Executive Chairman,
Infosys and ICICI Bank

UMESH GOSWAMI



Y.C. Deveshwar
Chairman, ITC Limited

SHEKHAR GHOSH

Your Best Friend Is Your Inner Voice

To my mind, the best advice I have received is to listen to my inner voice. As we all know, every corporate journey presents challenges and opportunities. At each turning point, critical decisions can define success or failure. While the process of decision-making is driven by deep insights, organisational capabilities, strategy and plans, often a final choice needs to be made from competing alternatives. At such crossroads, in an encouraging environment where different views are valued, it is but natural to receive an abundance of diverse and well-intentioned advice. Such advice indeed makes you stop and think and refine your views. However, at the end of the day, a final call has to be taken for which one can assume responsibility. At such moments, your best friend is indeed your inner voice, which guides you to do what is right for the organisation and its many stakeholders. To my mind, the strength of conviction as well as the courage to do what is right is deeply influenced by one's Values and an overarching Vision. At ITC, we have always been inspired by our abiding Vision to put Country before Corporation and the Institution before the Individual. Strong Values of trusteeship, nation orientation, consumer focus, excellence and integrity drive every thought and action at ITC. Even in adversity and in the most trying times, such values which shape the inner voice can guide one to the right decision.

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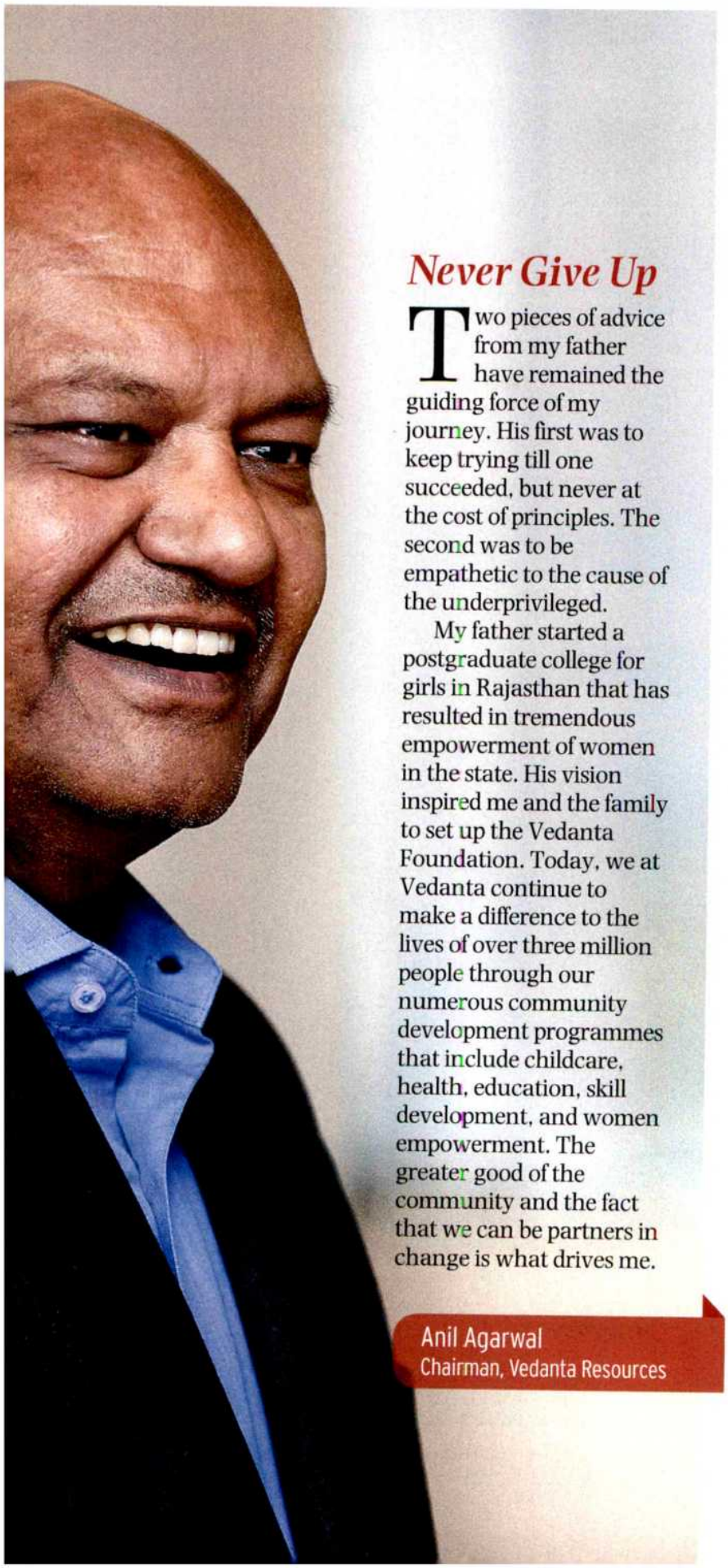


Never Give Up

Two pieces of advice from my father have remained the guiding force of my journey. His first was to keep trying till one succeeded, but never at the cost of principles. The second was to be empathetic to the cause of the underprivileged.

My father started a postgraduate college for girls in Rajasthan that has resulted in tremendous empowerment of women in the state. His vision inspired me and the family to set up the Vedanta Foundation. Today, we at Vedanta continue to make a difference to the lives of over three million people through our numerous community development programmes that include childcare, health, education, skill development, and women empowerment. The greater good of the community and the fact that we can be partners in change is what drives me.

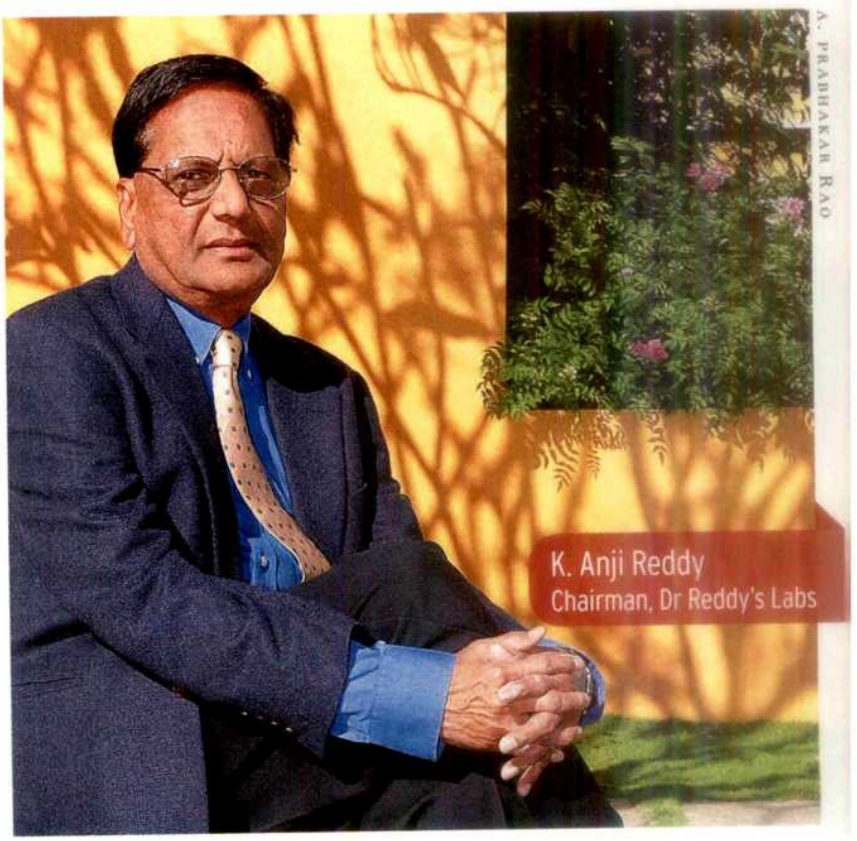
Anil Agarwal
Chairman, Vedanta Resources

RACHIT GOSWAMI

Take the Highway If You Can

I normally do not listen to any advice, but there is one I got from a guide book for chemistry practical exams written by a professor in VR College, Nellore. The professor may not have intended this, but I took this advice seriously and applied it in every walk of my life. The advice was: when you have a highway to reach a destination, do not choose lanes and bylanes.

Ajay Piramal
Chairman, Piramal Group



A. PRABHAKAR RAO

K. Anji Reddy
Chairman, Dr Reddy's Labs

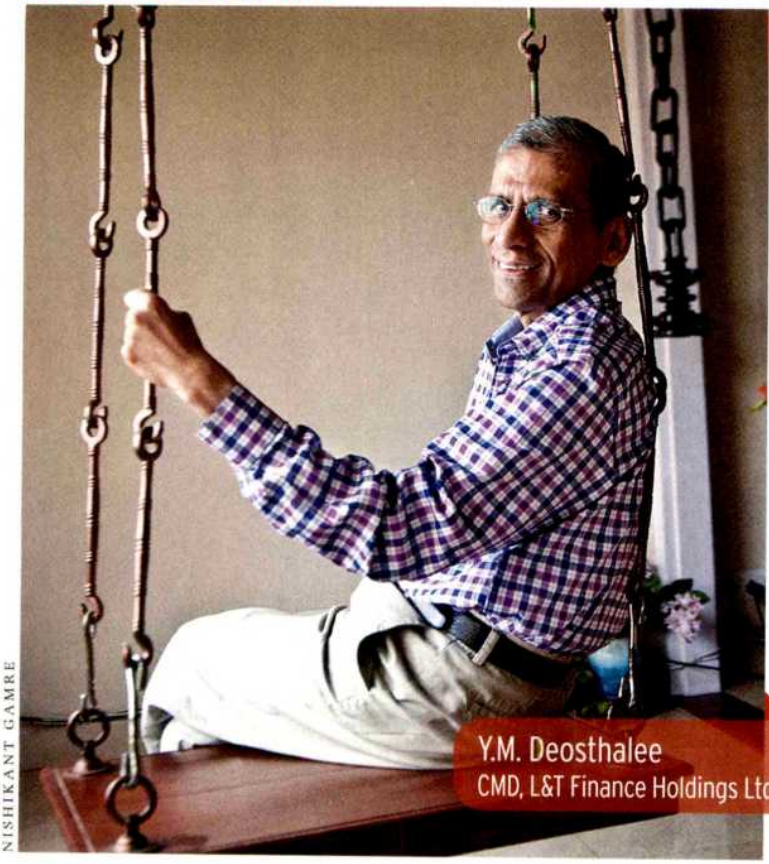
Manage Wealth Like a Trustee

The best advice I ever got is from the study of the *Bhagwad Gita*.

The *Gita* advocates the concept of Trusteeship. The concept of Trusteeship means that all we have here is given to us by the Lord, and my role as a Trustee is to hold and manage this wealth in the interest of all the stakeholders. This is the most important value we have been striving to uphold in our business.

From the *Gita* I have learnt that we have to be completely focused on doing actions to the best of one's ability and not worry about the results, because results are only action in another form. The *Gita* has taught me to be courageous, and to take on challenges and face them upfront. Reading and learning the *Gita* has helped me realise the importance of humility and equanimity in both good times and bad.

Finally, I deeply believe what is said in the last verse: "Such is my faith, that whenever is manifest the Lord of Yog, Krishna, and wherever is present a true devotee like Arjuna, there will be victory, glory and prosperity."



NISHIKANT GAMRE

Y.M. Deosthalee
CMD, L&T Finance Holdings Ltd

Manage Risks Intelligently

Risk management is a rigour of improving the probability of survival and success, particularly in an uncertain and complex environment. A robust risk management framework should enable organisations to understand, manage and mitigate risks. However, it also includes a strong dosage for taking risks. Unfortunately, risk management is sometimes misunderstood as a bureaucratic hindrance on businesses rather than a disciplined approach in value creation.

For sustainable competitive advantage, organisations need to take daring decisions and calculated risks through intelligent risk management. This enables competent decision making even when decisions need to be taken with incomplete and conflicting information under stringent timelines. For enduring success, organisations must have optimal risk mitigation practices that encourage innovation in the pursuit of some aggressive investment opportunities, but ensure that they avoid the pitfalls in the way.

This is even more relevant in the current uncertain business environment. While the natural tendency of organisations at such times would be to preserve cash and avoid risks, it is important for smart enterprises to spot opportunities and take steps for long term value creation even during such period of gloom.

At L&T, while focus has always been on risk management and liquidity, the Group has never hesitated in taking bold decisions. This is the greatest learning I had during my tenure as the CFO of L&T, particularly post the Lehman crisis. And it is due to this approach that L&T Finance ventured to bid for Fidelity's Mutual Fund business this year.

As John F. Kennedy once said: "There are risks and costs to a programme of action. But they are far less than the long-range risks and costs of comfortable inaction."

SHEKHAR GHOSH/www.indiatodayimages.com

Keep Your Worst Critic Close to You

Most times, successful people resort to clichés to share their mantra of success. When one hears it, it often feels like lip service or just good packaging.

What I am going to share with you is not necessarily the best advice I got, but the one I didn't heed initially and which life beat me into realising I must follow.

The first: keep your worst critic closest to you. As they say, your worst critic could well turn out to be your best friend. If you care to listen, you will at least be aware of the possibilities and implications, before you make up your mind. BUT, don't shy away from taking those tough decisions, because it is the tough decisions that often yield the best outcomes. The road less travelled could turn out to be fascinating and wondrous; just know the other side, so you are well prepared.

The second: If all predictions, analysis and the larger company wisdom points you in one direction, but your DEEP INNER CORE is not comfortable – DON'T DO IT! Likewise, if most people tell you it's not a good idea, or too risky a move, whether it is business or people, but you deeply feel it is the right thing to do – LISTEN TO YOUR INNER VOICE. Trust your judgment. The only caveat, if I may add, is: don't be rash, and don't use this as an excuse to shoot from the hip or make light of it – "Oh! I just felt like this was the right thing to do."

Happy decision making – life is all about choices!

ADHIL SHETTY P60

N.R. Narayana Murthy
Chairman Emeritus, Infosys

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Treat Community Property with Care

I am a product of many lessons learnt from context – parents, teachers, friends, colleagues and even my children. Most of the advice I got and lessons I learnt were not from the prescription they gave me, but from how they conducted themselves.

I will just talk about one important lesson I learnt from one of my favourite teachers. The teacher who influenced me most as a high school student was Mr K.V. Narayan (KVN), the head master of Sarada Vilas High School, Mysore, where I did my 10th and 11th years of high school. KVN was a tough taskmaster, a disciplinarian, and expected a lot from his students. But outside school, he was kind and affectionate. He taught us Chemistry in my final year. I sat in the front bench in his class.

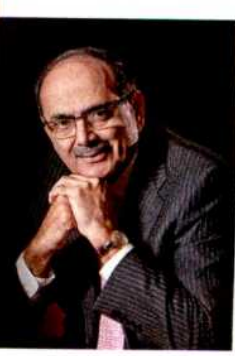
One day, he was demonstrating an experiment for which he needed to put some common salt into a test tube. He was extremely careful about how much salt he put in, and he took quite some time to optimise the amount. My friend, who was sitting next to me, found it very amusing and burst out laughing. KVN stopped the experiment, asked my friend to stand up and asked him why he laughed. My friend was very honest and said he was amused at how stingy he was in using salt for the experiment. Even today, I remember KVN's words: "Children, I want you all to learn one important lesson. That is, this country became a slave nation because we all looked after our families and not our society. Therefore, it is very important for every one of us to treat what belongs to the community much more carefully than what belongs to our family. This salt belongs to the school and I have to be very careful how much I use. Please come to my house, and I will give you a large quantity of salt."

This was a very important lesson for all of us. From that day on, I have attempted to treat community property with lots of care. From day one of Infosys, I set rules that ensured that nobody used community resources for private benefit. In my opinion, this is the most important advice for every Indian – particularly for politicians, businessmen and bureaucrats, who violate this rule so blatantly day after day.

Romesh Sobti
MD & CEO, IndusInd Bank

An Enabling Ecosystem Is Vital

This one is clearly etched in my mind. I got this advice more than 25 years ago and it accompanied a piece of good news – a promotion. The counsel came from one of my bosses at Grindlays Bank, who was giving me my second promotion in three years and perhaps thought it appropriate to remind me of the virtues of level-headedness and humility as one scrambled up the organisational ladder. But looking back, I see more in this simple message: that success is not only the consequence of our individual skills and determination but also an enabling social and professional ecosystem which we tend to abandon as we move up in life.



NISHIKANT GAMRE

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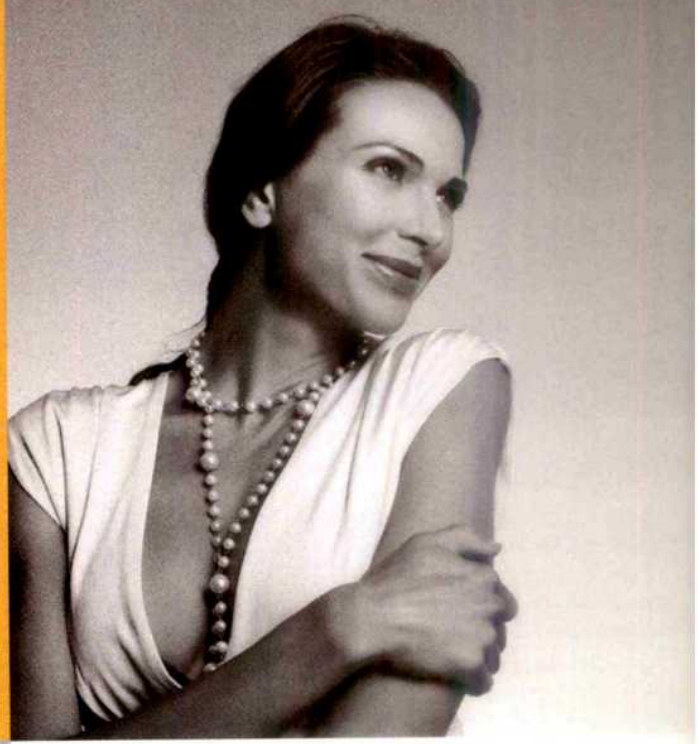

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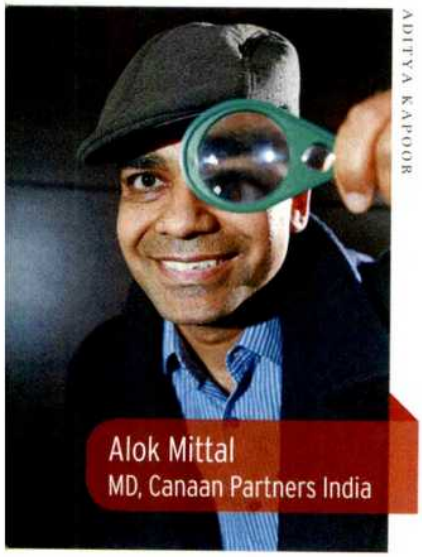


ADITYA KAPOOR

Alok Mittal
MD, Canaan Partners India

Follow Your Heart

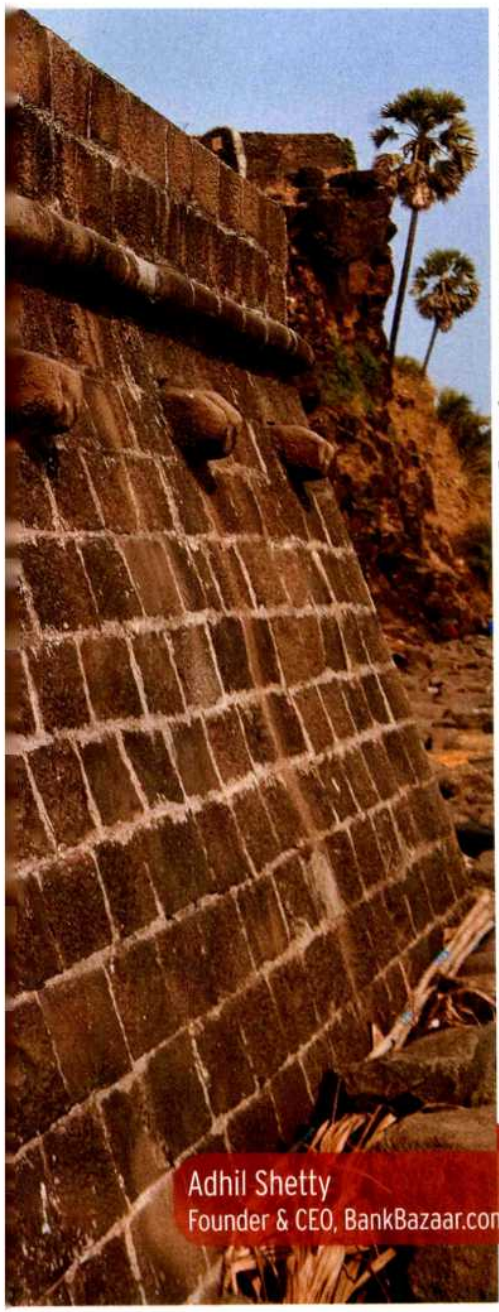
I can see that you have figured out what you want to do, and you should just go ahead and do it." This advice came to me multiple times from the same person – the late Arun Kumar, then Managing Director of Aricent. The first time was in 1999 – I had barely completed three years at the company, and wanted to jump into the dotcom boom. The risks and my own inexperience were obvious. Arun encouraged me to follow my heart, and effectively took risk out of the equation by telling me that, if I failed, he would hire me back anyway, because he valued start-up failure experience. A few years later, after we had successfully sold JobsAhead, I went back to Arun to solicit his advice on my next gig, as I weighed my options of another start-up versus a corporate role. Arun again displayed his style of mentoring to the hilt – uncovering what I wanted to do, and then providing support and clarity around the same. In his mind, any of the options themselves were not right or wrong – what made them work was the desire of an individual to pursue them. I have realised the value of this advice the most when the chips are down and when the only thing that keeps one going is that emotional commitment to the path one is on.

Treat Your Investment as a Loan

The best advice I got was from a fellow entrepreneur who said that one should treat investment in a company as if it were a loan from the company treasury. For BankBazaar, this meant that if we got an investment of ₹X crore in our company and invested it in a product line, then we had to be clear that we had to generate at least ₹X crore plus interest from the project, which returned eventually to the bank account.

The advice meant that one must take care to spend money only after creating a plan to make the money grow. Very often, people tend to get carried away forgetting the fact that investment is an obligation that must be accounted for and repaid in some form.

Try and ensure there is money trickling in at a certain percentage when



NISHIKANT GAMRE/www.indiatodayimages.com

Adhil Shetty
Founder & CEO, BankBazaar.com

compared to the funds spent from the investment. The returns coming in need not be huge in the initial stages, but should definitely have the potential to be incremental with time and well worth the invested funds. It is important to keep the focus on this aspect right from the start. Otherwise, it can be all too easy to lose track of both funds and time without a methodical approach or plan in place.

Always Look Outward

When I got back to India after I finished college, I remember having a conversation with my father (Mirc Electronics CMD Gulu Mirchandani) about buying a Mercedes. He thought about it for a moment and said: "Good idea, go ahead and buy it." I was surprised because this was not the reaction I was expecting – I was 22 and clearly did not have the money to buy the car. That's when he mentioned the words that have stayed with me till now: "Never look inward always outward."

What he meant was to stop looking at my family as a source of income and go out and build my own life. He gave me examples of families ruined in unnecessary bickering where people wasted years fighting over money that was not earned by them. It took a while for this to sink in but eventually I realised it was my father's way of making me stand on my own feet and never being dependent on anyone.

If I look back, one of the key drivers for me to start my own fund was the desire to create something of my own. This only came about because I was constantly looking outward for new opportunities.

As I write this article I am happy to share with you that I just bought my first Mercedes (albeit second-hand). It took me 18 long years from the day I asked my father to buy the car. However, when I took my first drive, I truly appreciated his words of wisdom.

NISHIKANT GAMRE

Sasha Mirchandani
Founder & MD, KAE Capital

The Life Force of Strategy

Whenever the world is troubled we can spot a few companies, across industries, which remain virtually unaffected.

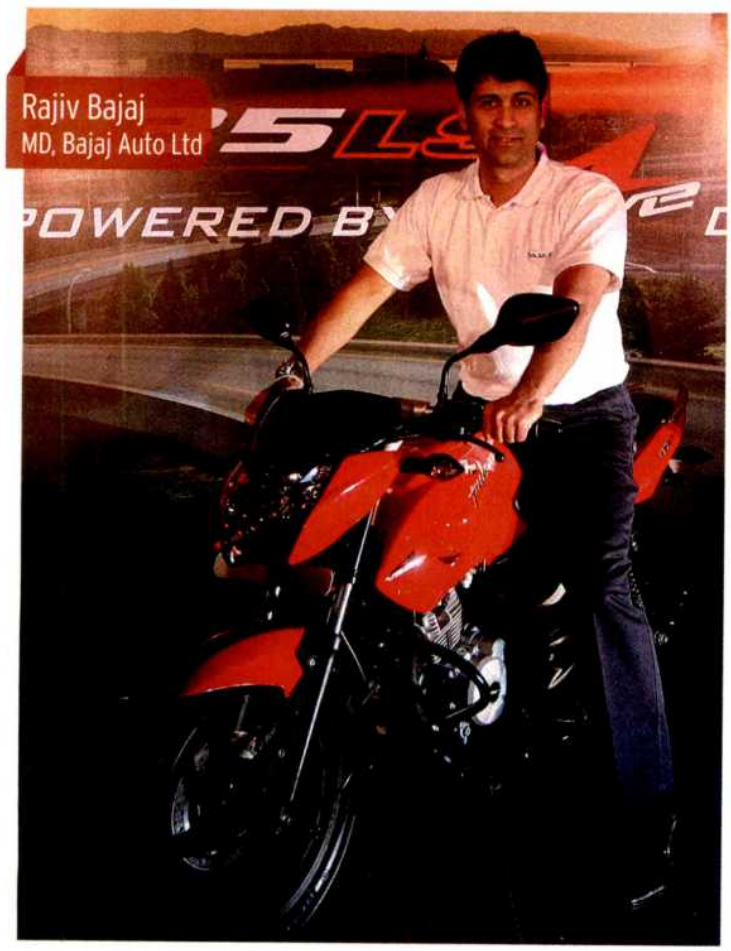
Just as when the flu comes to town, not everyone manifests its symptoms simultaneously. The truth is that companies, like people, fall prey to only that to which they are internally susceptible. We are our susceptibilities, be they mental, emotional, or physical.

When we are vital, that is, when our immunity is high, an external disease is unlikely to overwhelm us. A human being's vitality resides in his immune system, also referred to as the vital force or the life force in homoeopathy. This life force, unlike our physical (material) organs, is a medium of (immaterial) energy. We can neither see it nor touch it, yet every doctor believes that it exists and regulates our health.

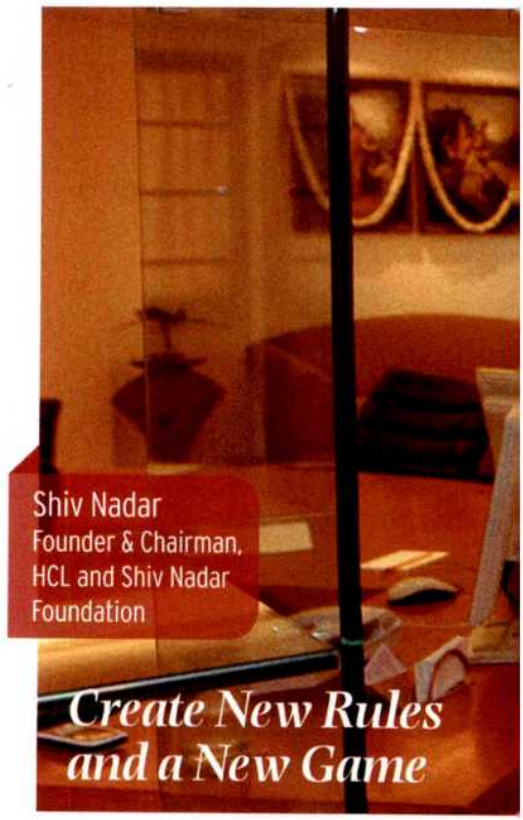
The immaterial life force of an organisation, as distinct from all its material resources, is its strategy.

I believe most organisations fail because a less-than-vital strategy inside them makes them susceptible to the inimical conditions outside them. In homoeopathic terms, the external conditions are only the exciting cause of their disease; the fundamental cause lies within them.

Thus the best advice that I ever got was upon reading *The Organon of Medicine* by Dr Samuel Hahnemann, the founder of homoeopathy. Hahnemann wrote: it is the life force that cures, for a dead man needs no more medicine.



Rajiv Bajaj
MD, Bajaj Auto Ltd



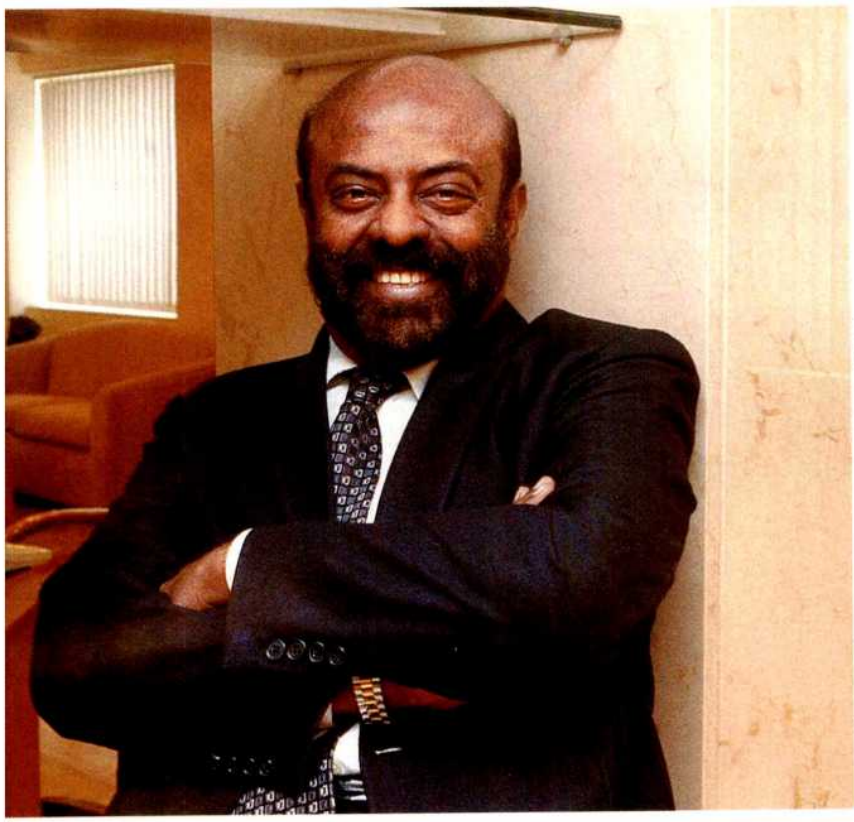
Shiv Nadar
Founder & Chairman, HCL and Shiv Nadar Foundation

Create New Rules and a New Game

The balance of payments crisis triggered the need for India to undergo serious structural economic reforms in the 1990s and the government started some breakthrough reforms in India. While the Indian economy started opening up, it created windows of opportunity for India and Indian businesses. It was also around this time that I met the late C.K. Prahalad, one of the finest thinkers of our time. Over the next decade, CK and I developed a strong bond of friendship and he became a mentor for me.

A visionary, CK foresaw the impending global integration of the Indian economy even before India's economic liberalisation. HCL, too, was at an interesting inflection point in the early 1990s – we had entered into a joint venture with HP and were trying to build a global brand. CK shared some key thoughts about the core elements that Indian businesses needed to imbibe to take the big leap and become truly global. These are:

Aspirations Must Exceed Resources – The mismatch of aspiration and resources leads to INNOVATION. Indian enterprises needed to constantly innovate to



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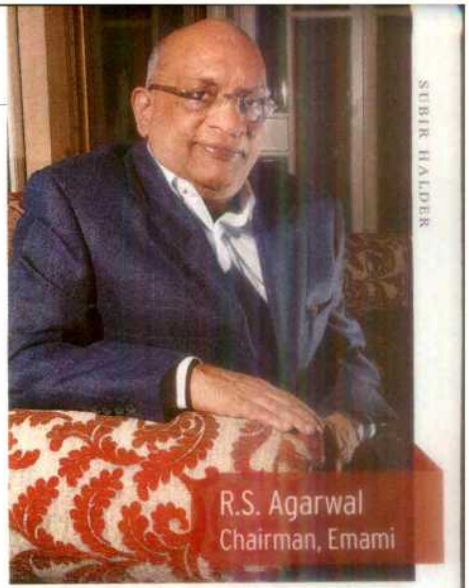
be at par with their global peers. He shared the story of how the Japanese auto industry became global with continuous innovation – reducing capital intensity by focusing on quality (TQM), leveraging people (team work) and reducing waste (Toyota production system). The Japanese also used alliances to acquire technology rapidly. CK said that Indian IT firms needed to innovate on every front – labour and cost arbitrage, quality of delivery, reduced capital intensity, competency acquisition, onsite-offshore model – to become global technology giants.

Focus on the Weak Signals: The Next Practice – CK said, and I quote, "Identify new opportunities by focusing on the weak signals. Amplifying these signals and leveraging the opportunities that emerge from them offer businesses the ability to continuously reinvent themselves. This is what I call the Next Practice." The Next Practice is about "creating new rules and a new game" and is different from benchmarking best practices. It is about fundamentally changing industry dynamics and how value is created in a particular industry.

For me personally, these were truly powerful insights. I initiated a new phase of consolidation for HCL in the late 1990s as we explored alliances and entities that include HCL Technologies, HCL Infosystems, HCL Comnet and HCL Perot. This laid the foundation of the global $6.2 billion HCL enterprise as we all know it today.

Interestingly, CK had spoken about the Indian multinational way back in 1992/93, which appeared far-fetched then. Passionate about India's inherent potential, CK strongly felt that a country with a billion people should not look outward for best practices but innovate for the 'next' practices. '*Roomba pramadam*', meaning 'very remarkable', is what he wrote to me when HCL made it to the cover of a top international publication. For me, CK's passing is a personal loss – the loss of a great friend.



SUBIR HALDER

R.S. Agarwal
Chairman, Emami

Be a Loving Guide to the Mind

I have been fortunate to have rubbed shoulders with the most eminent personalities of Indian and international fame. But my source of inspiration for shaping my life has always remained my close friend Sri R.S. Goenka. His counsel has been – love others, listen to others, live for others. Attain peace by bringing peace to others.

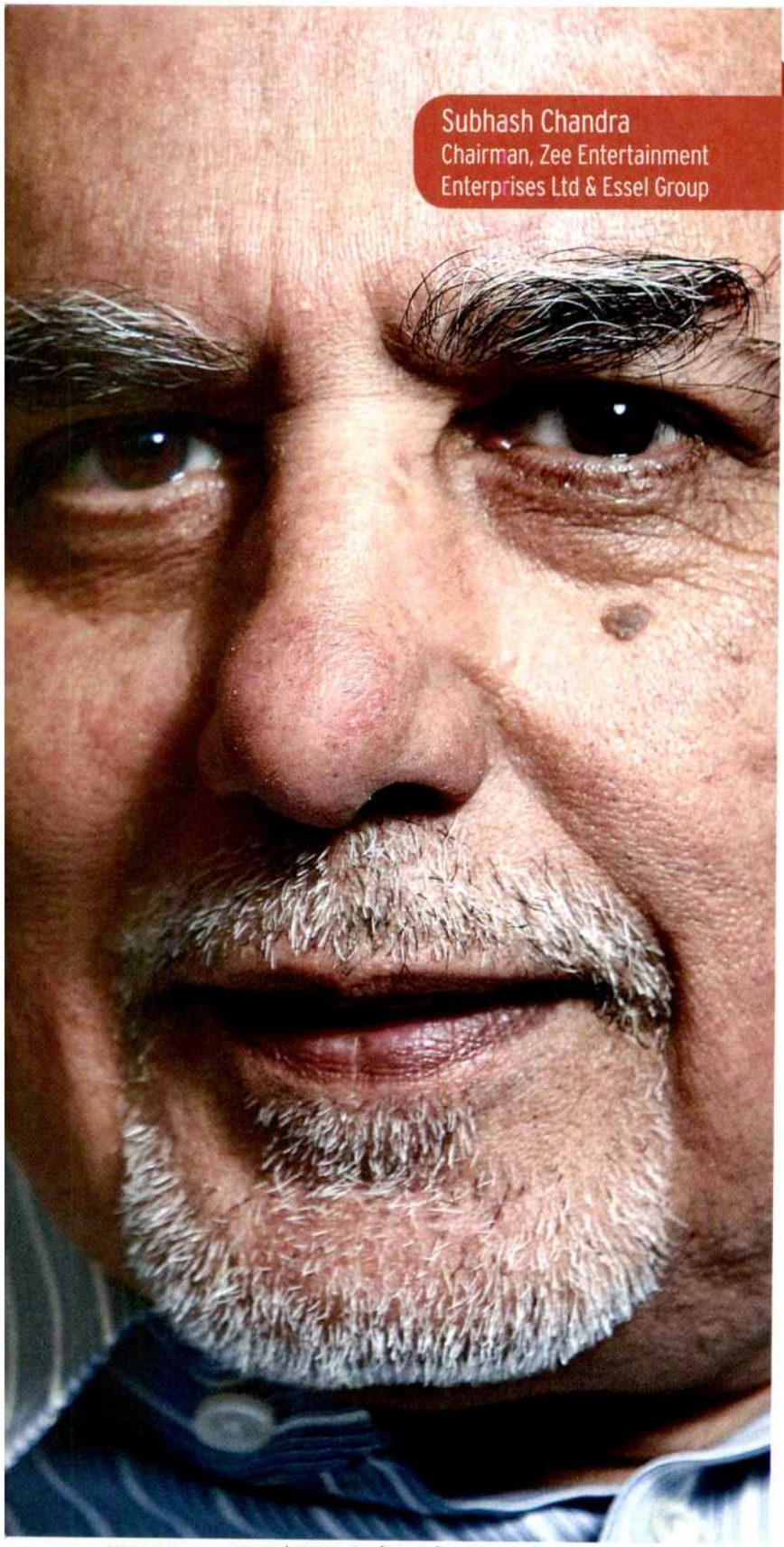
Achievements should be considered stepping stones for uplifting the mind. You should become a patient and loving guide to the mind to attain communion with the life force within. This will bring clarity of thought, enhance the memory and inculcate the passion to innovate. You will also be graced with divine blessings. Following these steps will automatically bring astounding success. It will also bring harmony within the family, eliminating conflicts with wife, children and relatives, and will bring peace and happiness to others.

My Guru Sri Sri Raghaveshwara Bharathi Mahaswamiji Sri Shankaracharyyaji has taught me to be witty and disciplined and a giver. He has also emphasised the importance of gaining control over anger.

Being a cardiac patient, I have developed the art of living with controlled food habits. That keeps me active and confident.

I remember Mr Alyque Padamsee telling me and my children many a times that God is in the details. I fully endorse and follow his views.

It has been my experience that with clarity of mind nothing will frighten or overawe you. You would be emboldened to face and overcome anything that obstructs your path. You will also understand that no opportunity is the last and lost forever. Therefore, you would not spend sleepless nights worrying about trifle matters. The gateway to higher wisdom will stand revealed before you to step through. After that, for you there would be no better and no worse, because you will see light in everything. You will know and realise that everyone has a destiny to fulfil. This will bring progress with realism in business and life.



Subhash Chandra
Chairman, Zee Entertainment Enterprises Ltd & Essel Group

DEEPAK G. PAWAR/www.indiatodayimages.com

Don't Make Your Creditors Ask for Their Dues

At the age of 17, I picked up the threads of a standstill family business, which had stopped due to heavy losses. There was net debt payable, hence no working capital was available. In the bidding process for whole black gram to be purchased for milling and conversion into dal, I was blocked by the seller (commission agent) from buying, because they feared that I would not be able to pay their bills within the stipulated five-day credit period. I was fighting my way through this situation and was trying to convince sellers that I would pay within five days, and that if a few days' delay occurred, I would pay interest. This seemed to gain acceptance, but at a very slow rate.

One day one of my distant maternal uncles advised me the following:

1. If you cannot pay on or before the due date, you yourself should make a phone call or go personally to tell the creditor you will be late by a few days in making the payment, instead of the creditor coming to you to receive payment and finding out about the delay.

2. Whenever you realise money from the sale of your finished goods, you should first go to the market and deliver it at the creditor's shop to settle his dues.

3. If you owe ₹1 lakh to creditors and you have only ₹50,000 with you, then try to pay 100 per cent to the small creditors, and less to larger creditors, but do not allow them to come to your shop to recover their money.

This worked wonders. I gained credibility in no time, and my business was running at full steam.

Try New Ideas

Bringing about change in a traditional industry was never easy. So, although I had a vision of where I wanted to take the business, the road map was not so clear.

I will always treasure the advice that I got from my father in those early days: "Combine professionalism with instinct, and don't be afraid to experiment and try out new ideas."

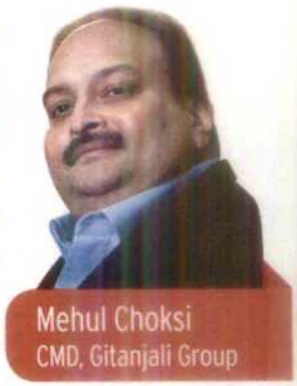
These words have always guided me at times when crucial decisions have to be taken on the way forward.

When my gut told me that branding was the future of the jewellery industry, nobody was really willing to listen, but I still went ahead some 18 years ago and launched Gili. We were scoffed at, but today we can see that we were right.

We then faced the question of how to reach consumers at a time when jewellery was sold through exclusive family-owned stores. We introduced our new concept through branded counters in the then-new modern retail chains such as Shoppers Stop.

Our decision to further penetrate the market led us to establish a marketing network that resembled the fast-moving consumer goods model, and today, branded jewellery is one of the fastest growing sectors in India.

Today, my entire set-up is based on a mix of professional inputs and business instinct, and it has propelled us to the position of the world's largest integrated branded jeweller.



Mehul Choksi
CMD, Gitanjali Group

Deepak Ravindran
Co-founder & CEO, Innoz

DEEPAK G. PAWAR

Practise Storytelling

Mentorship is extremely important, even more than funding for start-ups. Lack of experience can only be matched with advice and inspiration from veterans. Advice is free – never take too much but take a handful. And angels treat you as family, take you home and get you dinner. Find people like that within the business you are in.

Mentor: Kris Gopalakrishnan, Co-founder & Executive Co-Chairman, Infosys – Take chances when you're young, tell stories when you're old. Entrepreneurship cannot be taught. The best way is to experiment. No one stops you from doing it. The learning curve is worth more than anything. End of the day, it's your dream – your biggest inspiration.

How it went for me: I have started dreaming big, having realised that our brains, passion and intelligence are second to none in the world. If a Silicon Valley can exist with brains of twenty-somethings creating exciting businesses and Fortune 500 companies, we too can ride a buoyant economy, innovate and create successful brands and businesses.

Mentor: Ramesh C. Dutt, Expert Consultant & Advisor, Technopark – You have to think of ways and means to survive the downturn and emerge a stronger company. Keep expenses at the bare minimum. Also, keeping the team together is a challenge but the core strength lies there.

How it went for me: Our motto was pretty simple: Never try to beat anybody, only try and beat ourselves by innovating all the time. Don't ever listen to what people say to shoot down your ideas. There would be a million times where people tell you that you can't live your dreams – never say never! I would not have been able to drive up Innoz unless we had a strong operational team behind me, working 24x7.

Mentor: Sanjay Vijay Kumar, Founder & CEO, Mobme – Practise storytelling. Entrepreneurs should be good storytellers. When there is a story for the media and people, they will follow you. Go to external fund sources only when necessary. Your clients are your biggest investors.

How it went for me: Innoz became cash-positive and broke even within a few months of starting. It was able to raise a venture capital round of funding with a good valuation, and that too, from the finest venture investors.

SCHAUNA CHAUHAN P68

Meher Pudumjee
Chairperson, Thermax

NISHIKANT GAMRE/www.indiatodayimages.com

Play to Express

The best advice I ever got? So many incidents come to mind. It's like a bag full of precious goodies. But I guess I will have to choose one!

Many years ago, when I was at boarding school, I was to take part in a piano competition. My father happened to visit me at the time and put me through hours of practice until my *Moonlight Sonata* was perfect. Just a few minutes before I went on stage, he whispered into my ear: "Darling, play to express rather than impress". A simple piece of advice which has guided me through life.

What does this mean to me? To be genuine and true to myself in my thoughts, words and deeds, rather than trying to be someone I am not. Applying this analogy to business and to Thermax in particular, my family and our CEO have been very particular about presenting the "right" picture of the company to all our stakeholders at all times, irrespective of the consequences. In the long run, this approach has always stood us in good stead.

I am often reminded of the poem that my mother shared with me, called "The Man in the Glass", from which I'd like to quote a stanza that says it all:

You can fool the whole world down the pathway of life

And get pats on your back as you pass

But your final reward will be heartaches and tears

If you've cheated the Man in the Glass.

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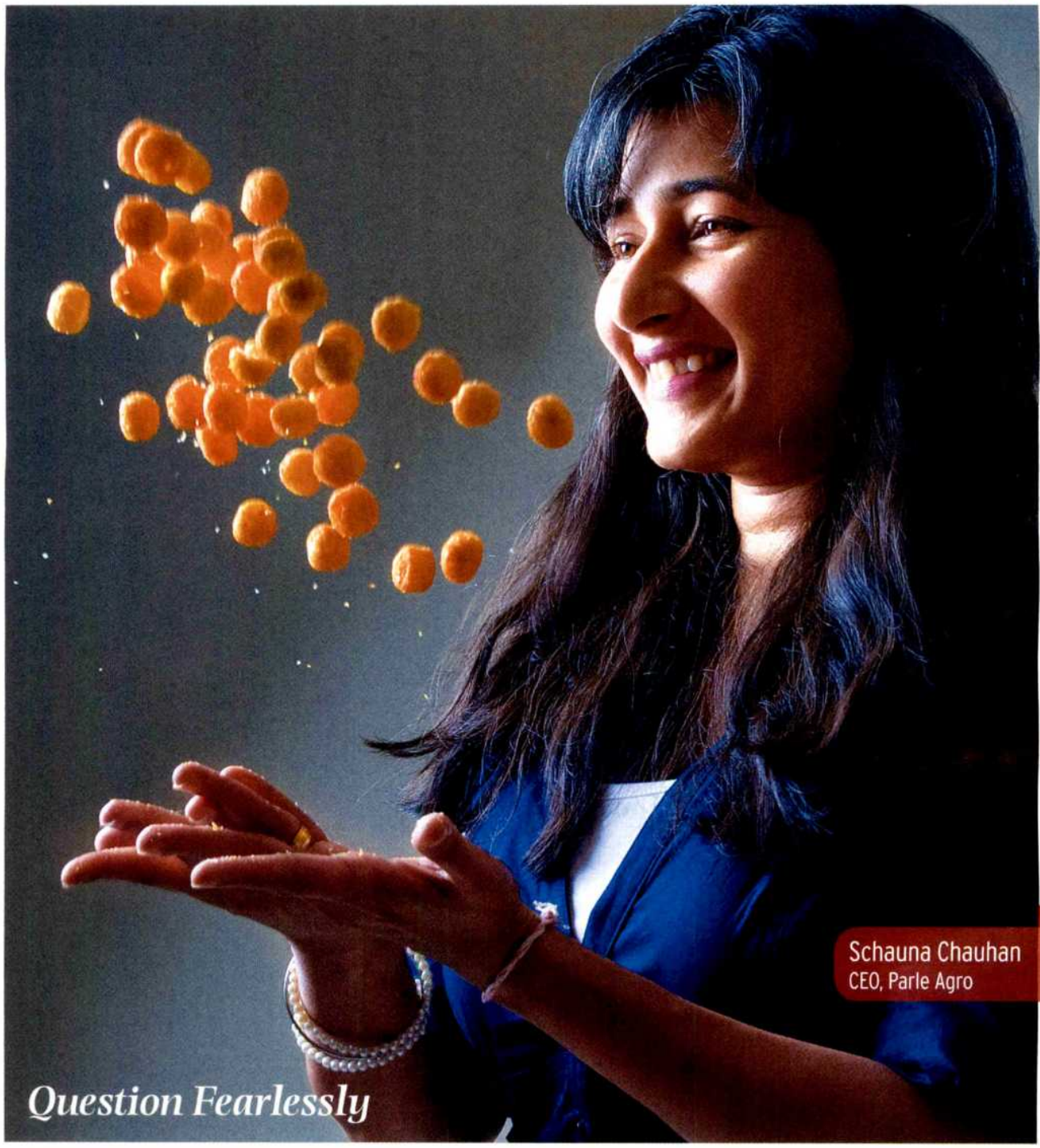
MOHAMMAD IMTHIAZ P70



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Schauna Chauhan
CEO, Parle Agro

Question Fearlessly

The best advice I ever got was: "Always question everything."

The easy way out in any situation is to accept things as they are. To question others takes courage; to question yourself takes honesty. To question is to fight convention, to question is to invite change, to question is to understand. But it all will help you to find new answers, to open new possibilities.

We don't always have clear answers and we don't always agree with existing ones. Every person who has achieved greatness in the world has put up their hands and asked questions. Gandhi questioned violence, Buddha questioned desire, Christ questioned revenge, and the Wright Brothers questioned gravity.

So question fearlessly, you'll find yourself finding answers you never thought of.

My father, Mr Prakash Chauhan, gave me this advice before I started working.

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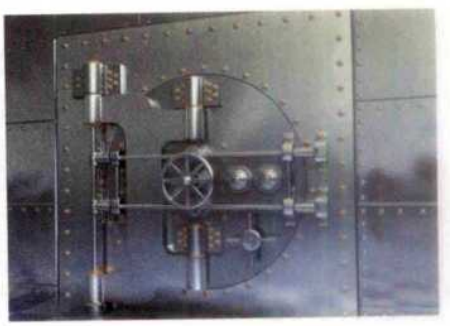

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Change and Persevere

Roughly two years ago, when I was leaving Bharti Airtel to set up on my own, my boss, Sanjay Kapoor, told me: "Remember Imti, entrepreneurship is a one-way road."

At the time it seemed like cautionary wisdom, because I was letting go of a great job at a big company and setting off on an uncertain path. But as I started that journey, it became crystal clear what he actually meant.

Being an entrepreneur required me to change a lot – personally and professionally. When I set my goals and knew what needed doing, the biggest change happened in my mind. I quickly learned that running a start-up is like riding a giant wave – lots of highs and lows and so often on a daily basis.

So many times the thought of letting go would creep in, but the words of Sanjay Kapoor kept coming back, echoing the advice to hold on, change and persevere. Because when your calling is to become a successful entrepreneur, there's only one road to take.

Turn a Challenge Into an Opportunity

In 1995, soon after the vertical split in Cadila Laboratories, Cadila Healthcare, under the aegis of the Zydus Group, came into being. With a newly restructured organisation, a host of issues had to be addressed. One was how to leverage the large talent resource that we had inherited. We knew this was both a strength and a challenge. With the majority of the people resource from the erstwhile Cadila opting to join us, there was considerable expertise and stability that came in along with them. The leadership, the collective expertise, the shared ethos and culture, were all important as we set out to build a new enterprise.

While the advantages were amply clear, the question remained: how best to effectively and quickly leverage this strength for organisational growth. A large, unwieldy organisation could not be fleet-footed and give us the head start so critical for our future. That's when a piece of advice from a consultant helped us look at the entire issue in a different light. It brought to the fore the opportunity lurking in this challenge. When we did this, an innovative solution emerged. We created a new organisational

SHEKHAR GHOSH/www.indiatodayimages.com

structure with eight strategic business units. Each unit operated as an autonomous, empowered business with its own senior management team and profit objective. The flatter structure helped decentralise operations, enabled faster decision-making and brought in greater accountability. The structure helped us manage our diversified portfolio more efficiently and cohesively. It also helped us address the growth aspirations of our people and maximise their talents. The momentum of growth that we set in the early years and the people-driven, talent-rich organisation that we created, continues to script new success stories for the Zydus group.

Follow Your Beliefs Without Fear

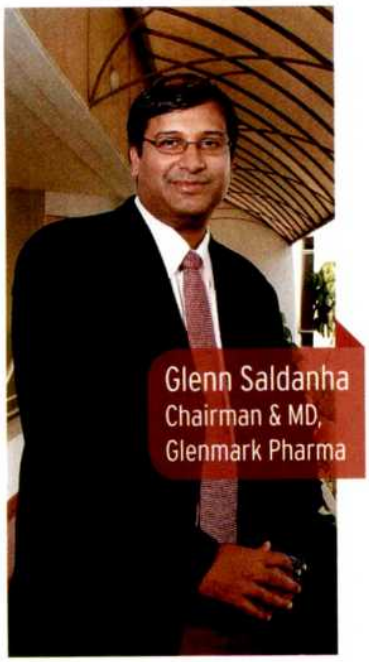
I have always carved my own path, even as a child. I grew up in a small rural town in Kannur, Kerala, and had to walk four miles to reach school. The caste system was prevalent back then, and two different paths had been paved – a shorter route for the upper caste and a longer, meandering trail for the underprivileged. I recall taking the shorter route. Every morning, as I walked to school, an upper caste man would order me to take the trail for members of a lower caste. When I went home and told my mother, she asked me a simple question: "What do you believe, Krishna?" And then she advised me to walk on the path I choose...fearlessly. Despite several reprimands, I continued to take the shorter route. If others found it objectionable, I said that perhaps they should change their course. It was my first act of civil disobedience.

Soon, word got around, first within my community and then to my school principal, who quickly appointed me monitor of my class. Just a few years later, I was asked to start the first student union. It was my first experience in community organising, and ultimately helped me commit to something greater than myself – fighting for our country's freedom.

Today, whenever someone asks me to help them make the right decision, I advise them to *follow their beliefs without fear*. It's been my source of inspiration and guidance over the years.

C.P. Krishnan Nair
Chairman, Leela Group

NISHIKANT GAMBE



Glenn Saldanha
Chairman & MD,
Glenmark Pharma

Marry the Right Person

There have been innumerable challenges since I took over as CEO of the organisation at 29. Glenmark was just a ₹80-crore company then. It has transitioned today, with revenue in excess of ₹4,000 crore. Most importantly, we have been successful in discovering new molecules which are first-in-class globally indicated for unmet medical needs. We have also concluded six out-licensing deals with big pharmaceutical firms, making us one of the more successful companies across emerging markets in the area of drug discovery.

I can recollect many instances when people and consultants advised me against venturing into innovation and that, being an Indian company, one must stay focused on producing generics. But from all the advice that I ever got, and when I look back at my years, I feel the most important advice given to me was: "Marry the right person."

As the years have passed, I have realised you can't separate your professional from your personal life, and that your personal life is your support system. Being in innovation, the business model is fraught with risk and we have had our share of failures. Times were tough four years ago, when all our molecules failed in clinical trials. Ups and downs are a constant in this business. During these times it is so important to have a strong support system. Even a CEO is human, and when the going is tough he also needs to be regularly reassured that things will be fine. Thus, I feel that the best advice I ever got was to marry the right person. Which I did!

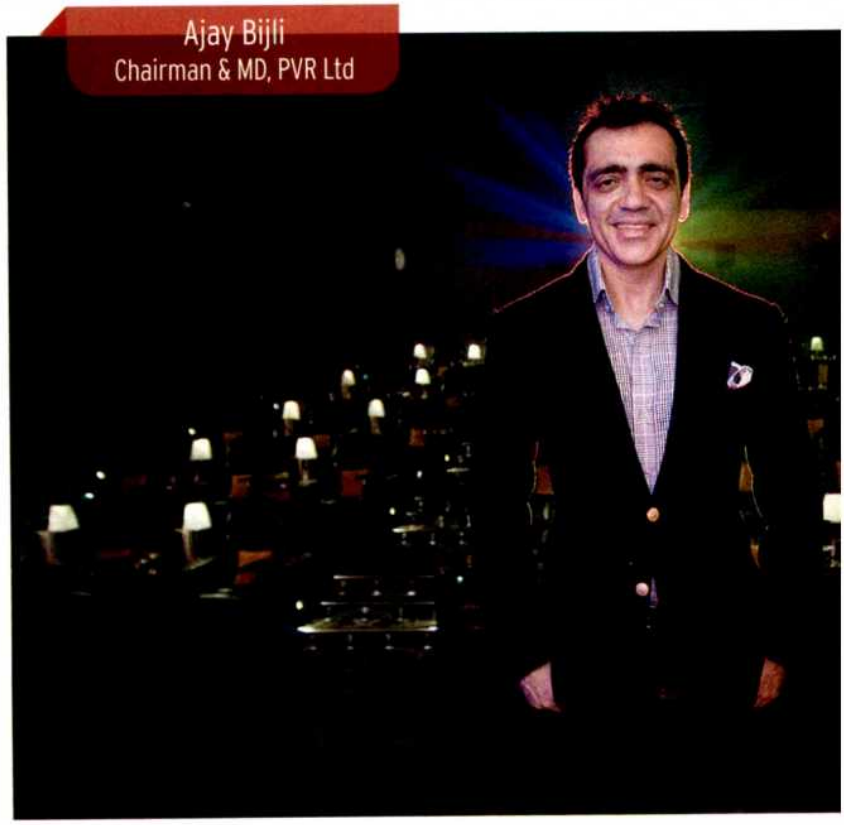
Pursue Goals with Sincerity and Integrity

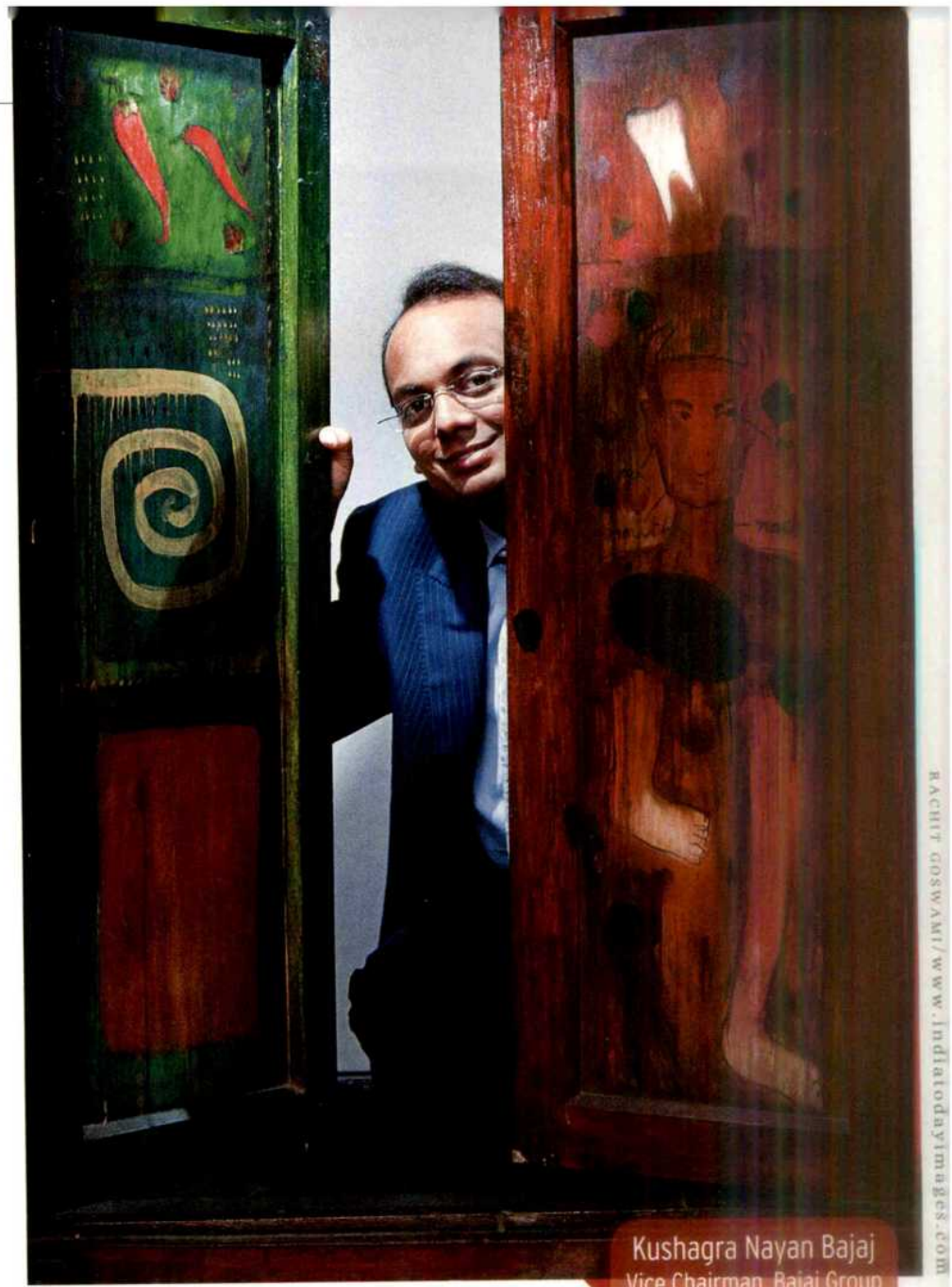
All entrepreneurs today have various mentors and advisers to guide them from time to time as they navigate the challenges of their business lives. I have been fortunate enough to have a group of a few such mentors and inspirational leaders who have given me a lot of guidance in my journey so far. So whether it is about a business strategy or how to differentiate your product or service in the market, or a funding strategy, formulating these is a table stake for any business to thrive.

In our culture, it is said that your first guru is always your mother. I, too, have been blessed to get most of my advice which has helped me along the way, from my dear mother. Other than the strategic issues that I spoke of earlier, the advice that I have got from her has been: the values and principles that one stands for are ultimately the most important traits of a leader. She has been my mentor and continues to advise me on how to handle different situations and confront any business in day-to-day work, by guiding me to the core values and principles of life. One of the most important things I have learnt is to pursue your goal with total sincerity, integrity, transparency and commitment. If these principles are followed, you are bound to achieve your goal.

The other important thing is that no road is paved smoothly. There will be highs and lows in any journey, but whether you can maintain equanimity in all situations is a true test of character. She has also always maintained, and as Khushwant Singh light-heartedly said: "It is better to have two feet on the ground than to have a foot in your mouth." The cliché very clearly says that attitude does determine your altitude. So for any leader to remain grounded is very critical, though he may have an ambition to reach for the skies.

Ajay Bijli
Chairman & MD, PVR Ltd





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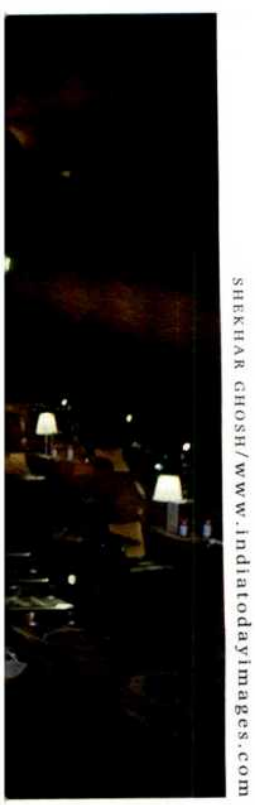
Kushagra Nayan Bajaj
Vice Chairman, Bajaj Group



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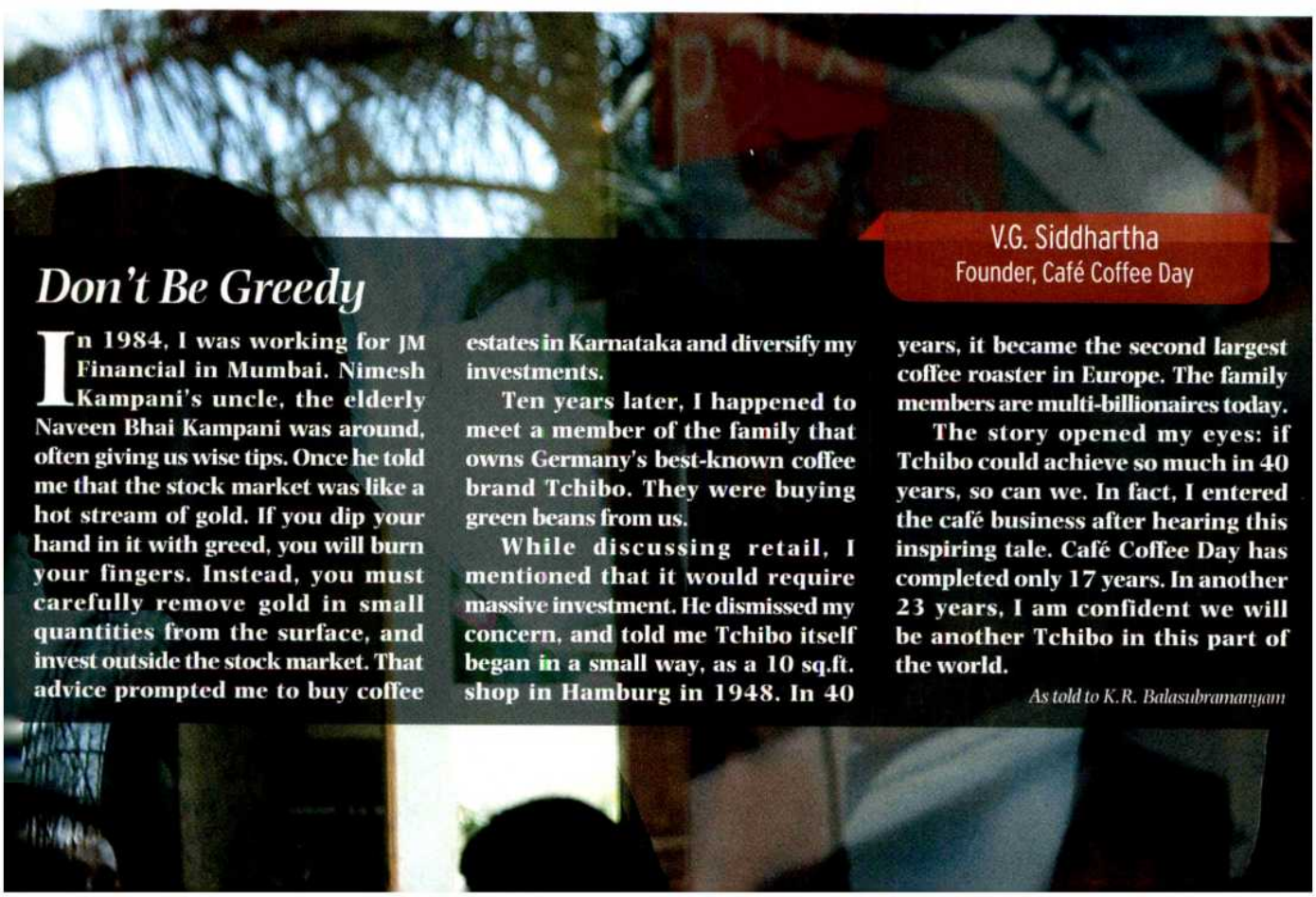
Keep Business Simple

Keep it simple – that's the best advice I ever got, and the best I can give to others. The simpler the business and transaction, the cleaner it will be, making it easier to operate and prosper in today's highly volatile world.

Most great organisations in the world, whether it is Apple, Coca-Cola, IBM or Volkswagen, are examples of corporations which have shown resilience and not only withstood the economic upheaval of the last few years but emerged stronger. They keep their businesses simple by concentrating on their core competence. They maintain environment and corporate governance standards at a level that makes everyone comfortable.

In today's opaque world, where fortunes can change within a matter of days, what people are seeking is transparency, because only through transparency does one find comfort. The more complex the business, the more complex the problems it grapples with, and the more opaque its balance sheet. It is only in a turbulent environment that people appreciate the value of keeping things simple and clean. I guess it's during such times that one realises the value and importance of such simple and honest words.



V.G. Siddhartha
Founder, Café Coffee Day

Don't Be Greedy

In 1984, I was working for JM Financial in Mumbai. Nimesh Kampani's uncle, the elderly Naveen Bhai Kampani was around, often giving us wise tips. Once he told me that the stock market was like a hot stream of gold. If you dip your hand in it with greed, you will burn your fingers. Instead, you must carefully remove gold in small quantities from the surface, and invest outside the stock market. That advice prompted me to buy coffee estates in Karnataka and diversify my investments.

Ten years later, I happened to meet a member of the family that owns Germany's best-known coffee brand Tchibo. They were buying green beans from us.

While discussing retail, I mentioned that it would require massive investment. He dismissed my concern, and told me Tchibo itself began in a small way, as a 10 sq.ft. shop in Hamburg in 1948. In 40 years, it became the second largest coffee roaster in Europe. The family members are multi-billionaires today.

The story opened my eyes: if Tchibo could achieve so much in 40 years, so can we. In fact, I entered the café business after hearing this inspiring tale. Café Coffee Day has completed only 17 years. In another 23 years, I am confident we will be another Tchibo in this part of the world.

As told to K.R. Balasubramanyam

SHEKHAR GHOSH

Benevolent Negligence

Building a company from scratch, one brick at a time is a challenging task. You start small with a few people, roll up your sleeves, get your hands dirty and work shoulder-to-shoulder with them.

The trouble is, the same people who bring you from Chapter 1 to Chapter 2 in one's story sometimes don't elevate their own game for what is required to get you through to the next chapter. They get comfortable, become fat cats quickly, and don't seem to want to change.

It seems that they needed me to ratify everything. I needed to be everywhere and personally supervise everything. I worked 18 hours a day. And couldn't do enough. It was frustrating and heartbreaking. I loved my people but I just couldn't get them to take full ownership.

As usual, I took my troubles to Tariq Ansari of *Mid-Day*, who had very kindly and patiently agreed to be my friend, guide and mentor. Anyone who knows Tariq knows what a cool customer he is. Unflappable, relaxed and calm, he always seems to have time for life and his friends, and is always on top of the affairs of his company.

So during one of our sessions, I told him how I wished my people would take on larger ownership, how I wanted to take this venture from being a mom-and-pop outfit and to a lean, mean professional company, and I didn't see a way out without having to fire them and get a new team.

He calmly smiled and simply said: "Go on a two-month holiday."

As soon as I began to protest, he explained: "It's a concept called 'benevolent negligence'."

Leave. Go away. Take your hands off, and your people will be forced to sink or swim. Give them control. Tell them you don't want to be bothered.

And when you come back, don't take back their responsibilities. Tell them they did good. And tell them that you are going away for another month, and that they shouldn't bother you for what's urgent, only for what's important.

It worked. I realised the ownership they take is the ownership you give.

Thank you, my zen master, Tariq.

Keep a Grip on the Cash Flow

When One97 acquired its first round of funding, I was a twenty-something with virtually no business experience. With the funding, Vibhor Mehra of SAIF partners came on our board. He guided me to the discipline of business planning, which has helped me to this day.

The best advice I got from Vibhor was to keep a grip on the cash flow of the company. Vibhor would say: "You must know what your cash balance was in the bank yesterday evening. You should get the summary of cash in bank, yesterday's money – incoming and outgoing." He also showed me how to monitor monthly numbers, grouping them into three parts: month-on-month change, variance from planned numbers, and the cost line percentage of total revenue. It has become the best snapshot of the company's health and trend, helping us in our business reviews, with all trends and impacts so easily visible.

Another piece of advice I drew from over the years came from my investors. "In any part of world, long-term purpose of a company is to generate free cash flow. Unless you are in business for a punt and trying to get acqua-hired (a company being hired for its team), there is no way out but to create an EBITDA-positive company."

Vijay Shekhar Sharma
CEO, One97 Communications

ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

Hire Excellence

A's hire A's, and B's hire C's

My entrepreneurship professors at Stanford University mentioned this with amazing regularity, and this definitely holds true. As a leader, one needs to find the right team, which can not only build a great product or strategy but also attract a great group of people who can actually realise the vision.

One needs to invest in selecting the right team. If you hire A's, you get amplified excellence; if you hire B's, you get people who are insecure, want to protect their turf and cannot attract or retain stars who will take the venture to the next level.

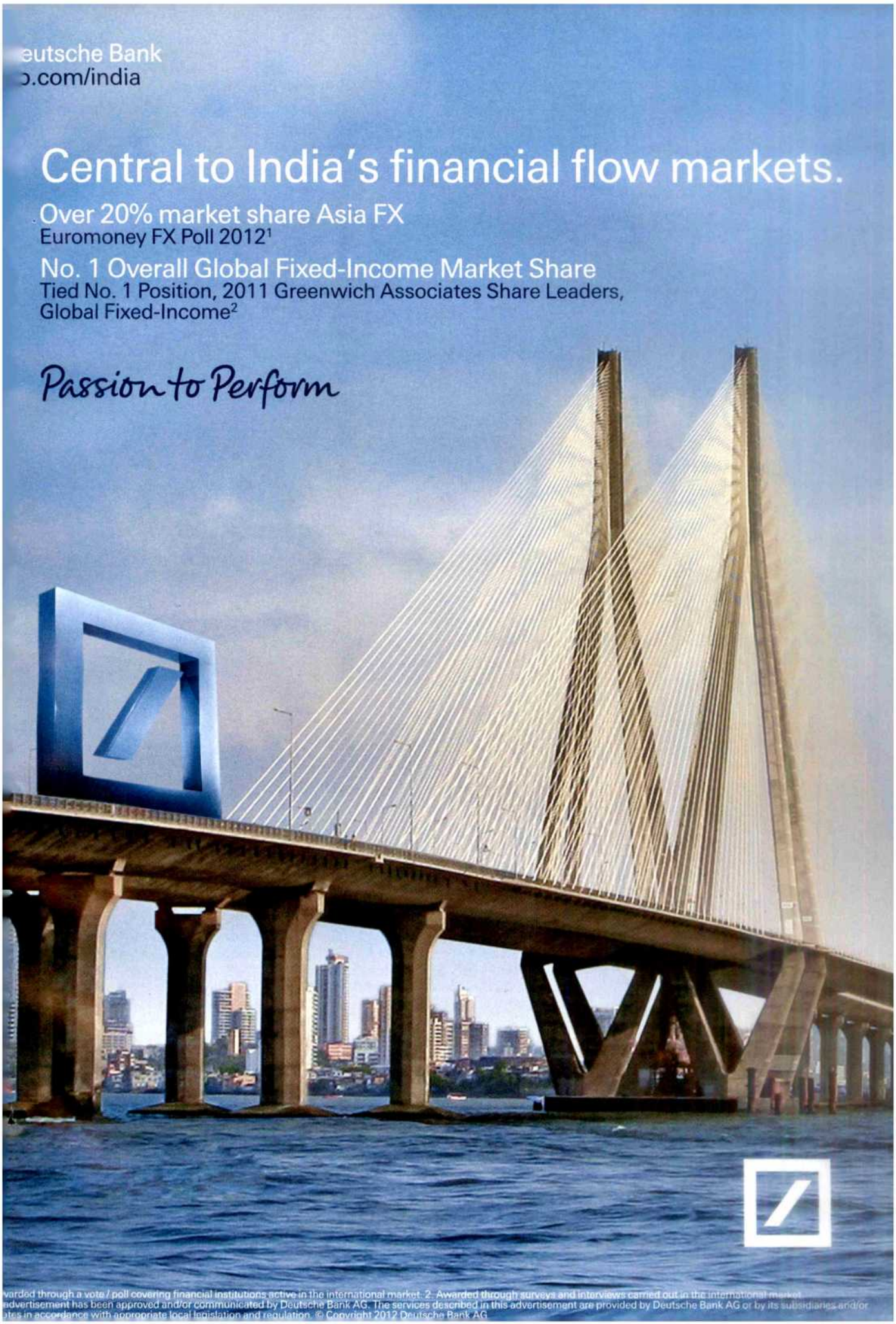
Vision cannot be hired

This was the advice I got from Andy Rachleff, a leading Silicon Valley venture capitalist who teaches at Stanford.

One can hire a lot of people who can drive business well and probably execute a lot better. However, as an entrepreneur, a key role is to have a vision for the venture, articulate that vision and motivate the team to follow that path with passion. One must also articulate it to external stakeholders. The vision should be inculcated in the leadership team. It is not something that can be hired. It has to be built, through every action, decision and day-to-day conduct of the leadership.

Prashant Tandon
MD & Co-founder,
Healthkart.com

ADITYA KAPOOR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Learn to Attach, Detach

My father, inspired by the *Bhagwad Gita*, suggests a theory of attachment and detachment in business. I have been hearing the advice for about 10 years or so, and this has also helped us during crises.

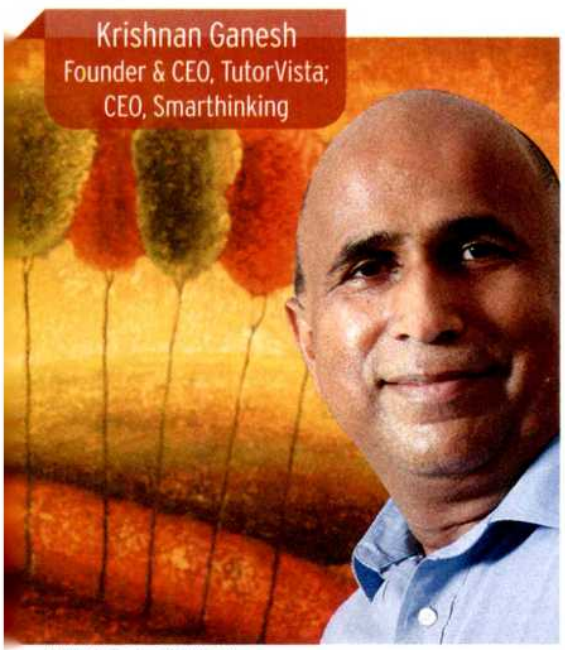
You need to attach yourself to certain things to go deeper, develop a passion and get work done. But you need to get detached after achieving certain milestones. If you remain attached to a certain thing, you cannot professionalise and grow it. Detachment makes it easier to professionalise and monitor the work from a distance.

That is the way we have grown our business in the last 10 years. In the initial stage of any project, we get deeper into it, understand it, set up a team around it, and then start detaching from it.

My father repeated this advice when Havells went through a tough time during the global economic crisis in 2008 and 2009. When we acquired Sylvania (in November 2007) we were very detached from the business for the first one-and-a-half years and we let the existing management team to run the company. But when Sylvania fell deeper into the red, the management team of Havells got fully involved. For one year there was close coordination between Sylvania and Havells. Sylvania became profitable (in 2011/12) and now we again run it from a distance.

The advice has helped me balance my work and personal life as well. We have put professional systems in place, so I don't need to rack my brains 24 hours a day and work 16 hours a day. This has helped me in growing the business and leading my life far more comfortably.

AS TOLD TO ANAND J.



Krishnan Ganesh
Founder & CEO, TutorVista;
CEO, Smarthinking

DEEPAK G. PAWAR

Just Do It or Simply Refuse

Either do it or you don't but never say you will "try to" do something

Sunil Mittal

As CEO of Bharti British Telecom, I used to work directly with Sunil Mittal. During meetings on strategy and plans, we used to have stimulating debates and heated arguments. At the end of it, Sunil Mittal used to take a firm commitment – either the senior managers were going to do it, or they had the choice to refuse. Accepting to try an idea was not an option. Agreeing to "try to do it" is a sure-shot recipe for a half-hearted attempt that will result in failure.

This has helped me as I started four companies and built strong teams to get people committed to a cause or task wholeheartedly rather than start with doubts and dissonance.

Unless you have fun in what you do, you can never achieve success

Napoleon Hill

A very relevant and valuable message, it has stood me in good stead for all my business endeavours and in my personal life also. It was while reading *Think and Grow Rich* by Napoleon Hill that I realised this is a simple key to unlock success. If you truly and passionately believe in what you do and derive fun from doing it, work will cease to seem like an arduous task. You will be driven solely by your dream and success will beckon. Never start out simply with the idea of getting rich, have a larger ambition and when something is not fun, just move on.

Anil Gupta
Joint MD, Havells India

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

Give Back to Society

I believe it was my grandfather who gave me the best advice I have ever received. His thinking is something I still cherish and try to emulate every day.

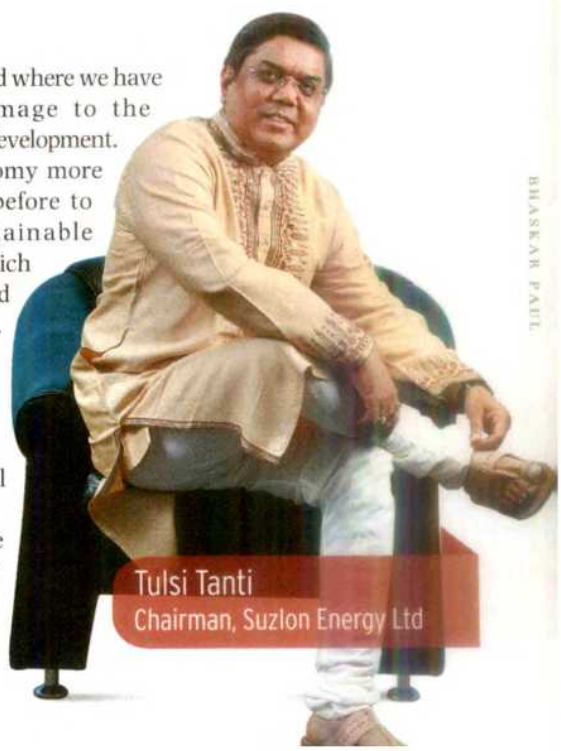
His dictum was simple: whatever you do in life, do it for something more than your own ends. Do it for others. Do it for society.

I have tried to carry his advice with me in all my endeavours. It is this advice that led me to enter the wind energy sector – the opportunity to work in a business that gives back to the investor, society and the environment.

Today, I believe this advice holds truer than ever before. We live in a world where hundreds of millions of people still do not have access to the basic necessities that many of us take for granted: food, water and energy. And yet, it is a world where we have done incalculable damage to the environment in pursuit of development.

I see in today's economy more opportunity than ever before to create inclusive, sustainable businesses. Businesses which are resource-responsible and environment friendly. Businesses which create decent, meaningful jobs, which deliver sustainable economic development, and which are successful and profitable.

Without a doubt, advice worth remembering and trying to follow.



Tulsi Tanti
Chairman, Suzlon Energy Ltd

BHASKAR PAUL

UMESH GOSWAMI

Ashni Biyani
Director, Future Group

Be in Your Element

Being born in these fortunate times, young people like me have a problem of plentitude of choice. We find opportunities and options everywhere. We see new disciplines and vocations emerging, education empowering us with holistic understanding and diverse experiences. However, we often make decisions about significant and mundane life happenings under pressures of how we will be perceived by family, peers and the world. Often our influencers weigh heavily on choices, rather than our own natural acumen or likings.

Amidst this conflict, I stumbled upon an interesting read – *The Element* by Ken Robinson. The book celebrates human ability and helps people recognise that there is a certain something in each individual which is unique and can guide his path through life. The book is a compilation of stories, of people finding their own passions, and how that has anchored their life.

Indeed, it was a revelation to me, to find this introspective approach to making choices and discover the inherent talent vested in each one. I realised that being in the element not only enables one to grow and excel in their choice or vocation, but also leads to comfort with self.

Follow Your Passion

Man cannot discover new oceans unless he has the courage to lose sight of the shore

André Gide

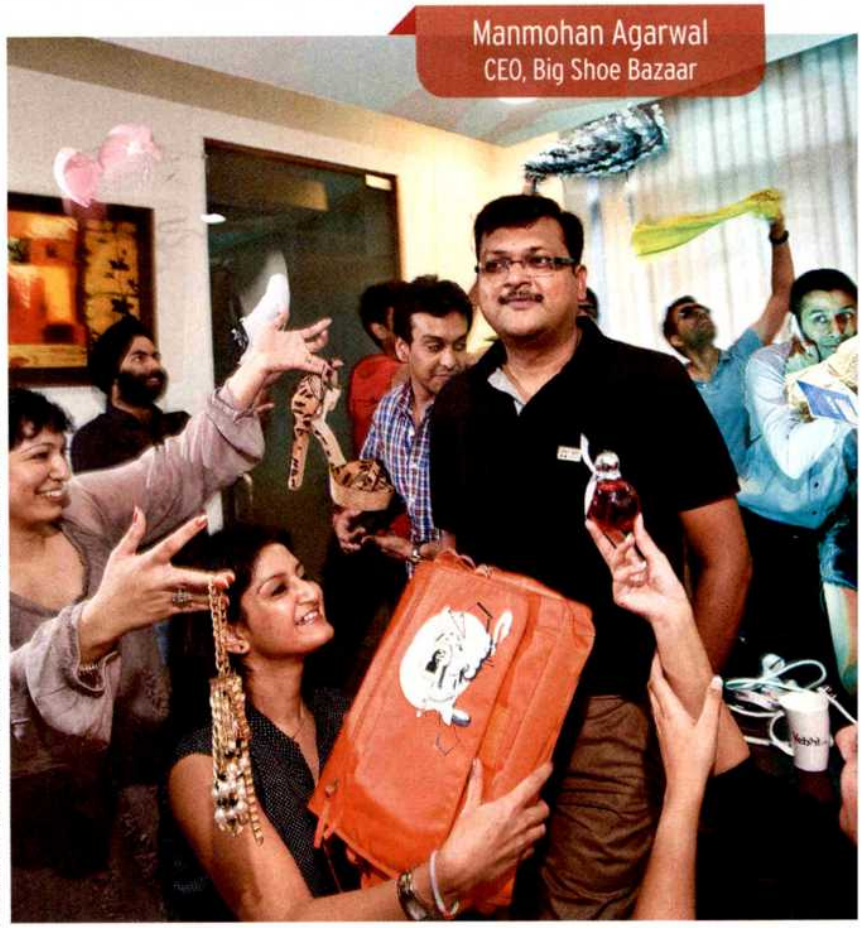
The best advice I ever got was from my father. He always said: 'Be all in.'

Throughout human history, one fact is indisputable: victory doesn't always come to the strongest, smartest or most gifted. Victory comes to the one who desires it the most, the one who works harder than anyone else, leaving nothing in the reserve. Success or failure boils down to not how far you can go, but whether you have the strength of conviction and belief to go as far as it takes. If you put in the best effort, work tirelessly and persevere patiently, success is guaranteed. Life is too short to put in a half-baked effort. Give it all you have to get all that you desire.

I have followed my passion and it has never led me astray. It's easy to find the energy and strength to tackle all challenges when you are passionate about what you do. Passion will guide you through setbacks and teach you patience and perseverance. It is also important to surround yourself with passionate people. It will help your ideas grow and take on a life of their own.

Big Shoe Bazaar owns the Yebhi.com brand

Manmohan Agarwal
CEO, Big Shoe Bazaar



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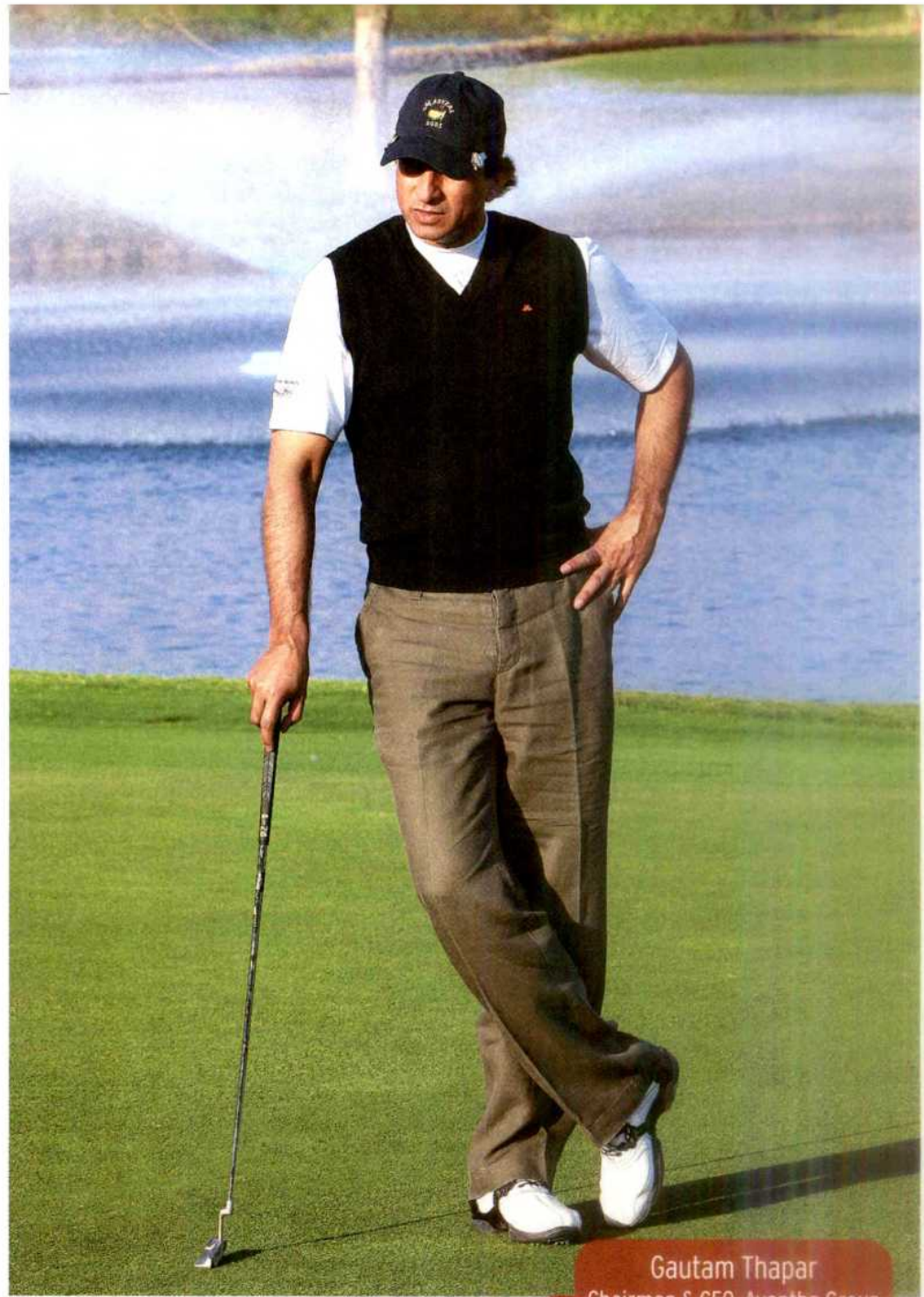


SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

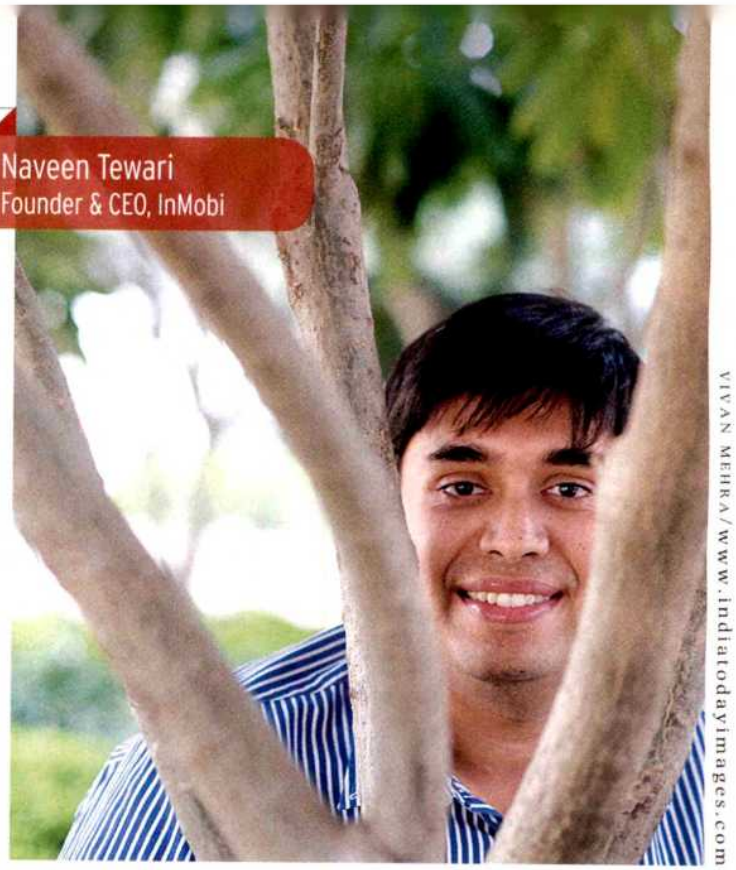
Gautam Thapar
Chairman & CEO, Avantha Group

Aim for the Sky

I received a tough grooming at our various factories, and senior executive and my mentor – the late Mr Brij Mohan Bakshi – gave me instinctual but insightful advice. His advice was on two levels, one at the aspirational level and the other on a practical level.

His aspirational advice was "to reach for the stars while keeping my feet firmly on the ground". This meant to trust my instincts, live by my values, see my own dreams, run my own race, think beyond boundaries and never regret, but to move on to the next thing. In a way, it is also the genesis of the group name Avantha, from the French verb *avancer* – to move forward – and the Sanskrit *sthapna*, meaning 'to be firmly grounded'.

At the practical level, he gave intuitive suggestions like: listen more, seek to learn more, always question, and be open to perspectives and multiple what-if scenarios, without being restricted by one single point of view. Finally, he told me that my job as the boss is the loneliest job in the world, as all decisions are, in the final analysis, mine. The buck always stops with me.



Naveen Tewari
Founder & CEO, InMobi

VIVAN MEHRA/www.indiatodayimages.com

Make Your Dream a Success

We faced rejection from Indian venture capitalists, didn't want to take up corporate careers and pursued our dream. Today, after five years, we reach over 500 million consumers in more than 165 countries, a few billion times a day through our network. Apart from being lucky, many crucial factors paved the way:

Take Risks, Fail Fast, Correct Faster: We tried two business models, discarded them when they didn't shape up, and succeeded on the third one, all within a year.

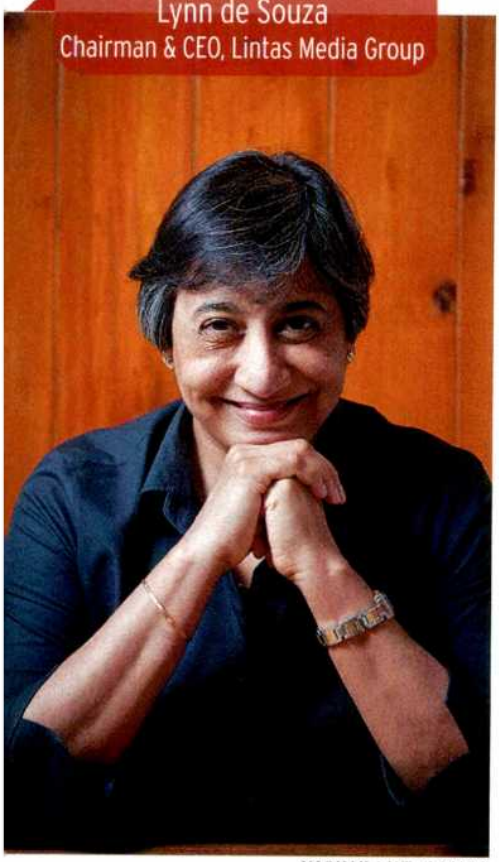
Think Global: The world is your market, and the Internet enables global businesses to be built from anywhere. Leverage it.

Think Different: Our reverse market strategy helped growth. We established leadership positions in Asia and Africa, and then entered and grew in the EU and US markets.

Hire Smart, Empower Fast: Hire the best talent across the globe and empower them to make decisions.

Build a Stable, Scalable Quality Product: Focus on building a global quality product from India that can scale. Most companies make the mistake of placing early sales ahead of the long-term product. This balance is crucial.

As budding entrepreneurs, think big, think different, respect luck and most importantly, never give up.



Lynn de Souza
Chairman & CEO, Lintas Media Group

NISHIKANT GAMRE

"Always" Is My Unwavering Guide

The business of advertising and media is built upon creating and managing perception. Talking the walk may sometimes be considered more advantageous than walking the talk. Impressions are as important as expressions. Sometimes the truth can, and does, get lost along the way.

For a simple, fairly down-to-earth, nature-loving, god-fearing person like me, marrying my personal values with professional niceties and trappings can be a little difficult. Mentors, bosses, colleagues, clients, friends and family have often been a great source of advice, comfort, inspiration and applause. However, the one unwavering guide for every action of mine, particularly in a crisis, is this poem entitled "Always" attributed to Blessed Mother Teresa of Kolkata, which she based on the paradoxical commandments penned by Kent Keith in 1968. I have found that whenever I act upon these tenets, growth and satisfaction become inevitable.

People are often unreasonable, illogical and self-centred; forgive them anyway.

If you are kind, people may accuse you of selfish, ulterior motives; be kind anyway.

If you are successful, you will win some false friends and some true enemies; succeed anyway.

If you are honest and frank, people may cheat you; be honest and frank anyway.

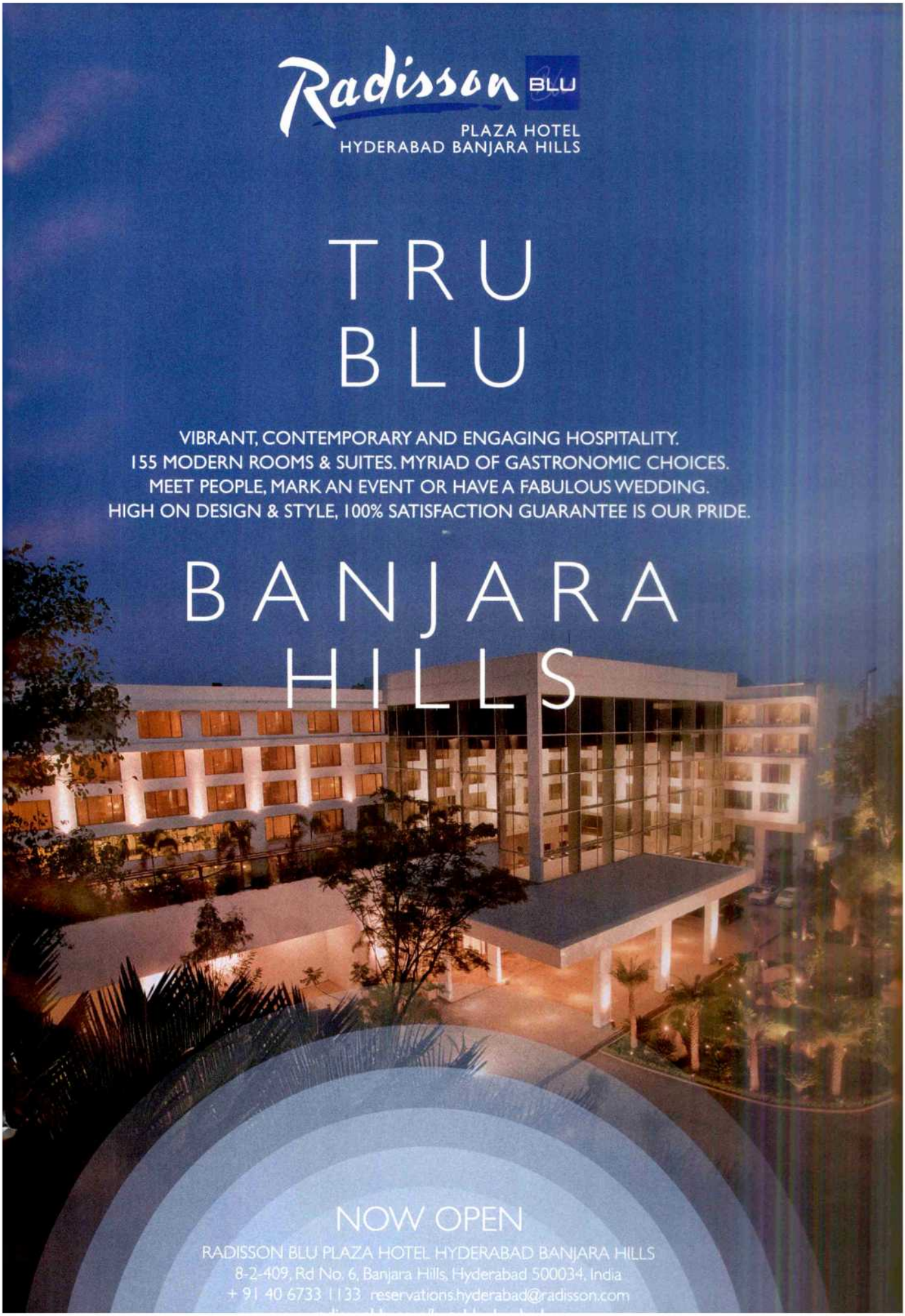
What you spend years building, someone could destroy overnight; build anyway.

If you find serenity and happiness, they may be jealous; be happy anyway.

The good you do today, people will often forget tomorrow; do good anyway.

Give the world the best you have, and it may never be enough; give the world the best you've got anyway.

You see, in the final analysis, it is between you and God; it was never between you and them anyway.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DEEP KALRA P86

Stick to the Basics and Focus on Innovation

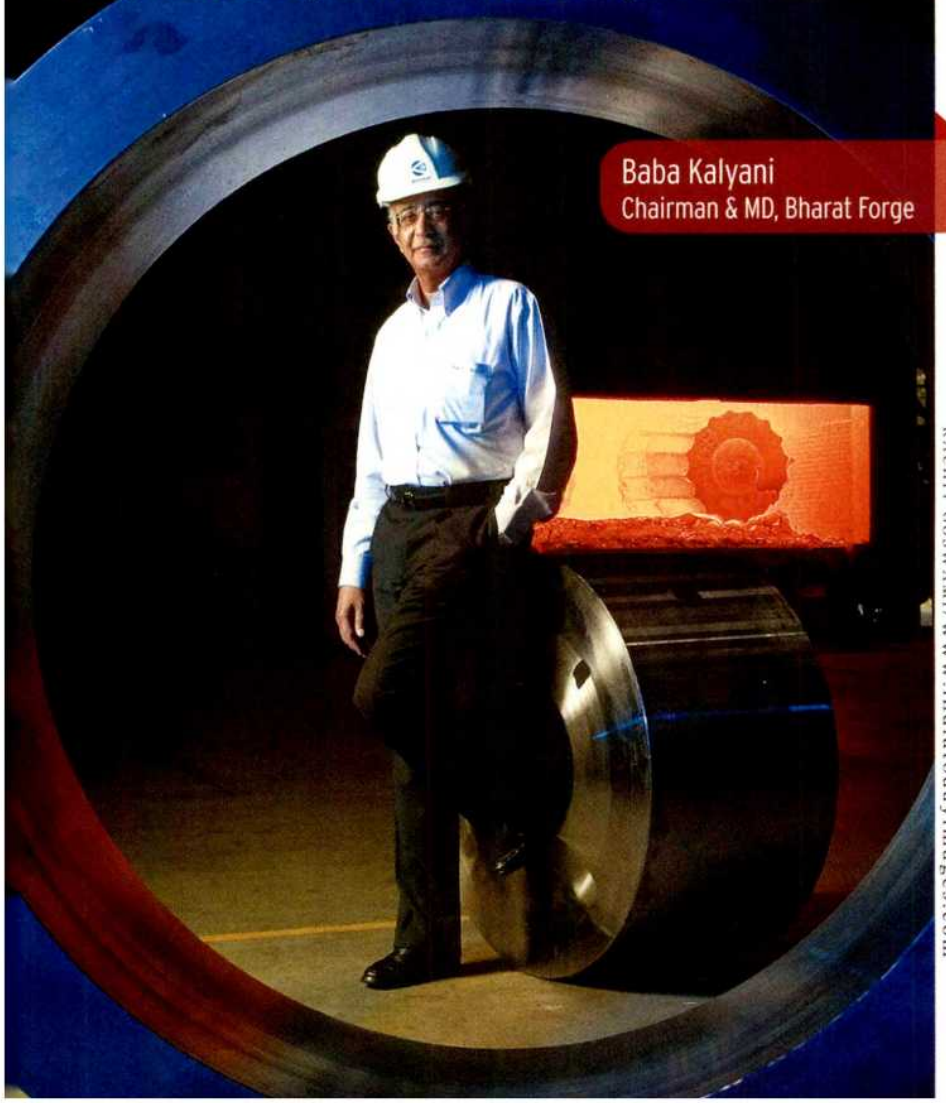
The global financial crisis struck unexpectedly. Companies had to redefine strategies and make mid-course corrections to their investment and growth plans. Nimble and fleet-footed organisations weathered the storm. We at Bharat Forge decided to use our own counsel in responding to the crisis. We decided to keep things simple by focusing on internal measures primarily aimed at improving competitiveness.

Improving Cost and Operational Efficiencies: Our strategy focused on ensuring that every rupee spent would deliver significantly more value. We took a critical look at processes across the organisation to eliminate waste and reduce costs. We also took steps to create a lean organisation.

Strengthening Customer Relationships: As a result of our initiatives, Bharat Forge is now a preferred partner by choice of most customers, and an end-to-end service provider across the value chain.

Developing High Quality Human Resources: Our HRD strategy focused on creating a strong base of knowledge resources to drive growth. We invested in enhancing our people's capabilities through training programmes delivered in collaboration with leading academic institutions.

Our performance in the past two to three years reflects that Bharat Forge emerged from the crisis a stronger, focused and more efficient organisation.



Baba Kalyani
Chairman & MD, Bharat Forge

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Dhruv Shringi
Co-founder & CEO, Yatra.com

Disregarding Traditional Wisdom

Sitting now in the middle of 2012 and reflecting on the past three years gives me both a sense of achievement and anxiety. Achievement on account of how much our business has grown, and anxiety about the future, as our industry has undergone structural changes on account of the withdrawal of capacity by Kingfisher Airlines and the hike in fares by other carriers. The combined effect of these resulted in negative growth in domestic air passenger traffic in May 2012, for the first time in seven years.

One thing which helped our business more than double in the past three years was our focus on investing in core areas like brand and technology. Traditional wisdom would suggest that we should have scaled back on these activities. But after an initial cutback in 2009/10, our board recommended that we scale up investment rapidly. On the brand front, this had a multiplier effect as advertisement inventory rates were lower due to the recession and other advertisers had cut back. Also, given less clutter, our campaigns had better "cut through". On the technology front, we could attract talent as larger organisations were laying off people. Investment in new product development helped us gain market share when the markets bounced back.

It worked because that slowdown was relatively short-lived. Current macroeconomic and structural issues point to a more sustained slowdown, so one might need a different approach.

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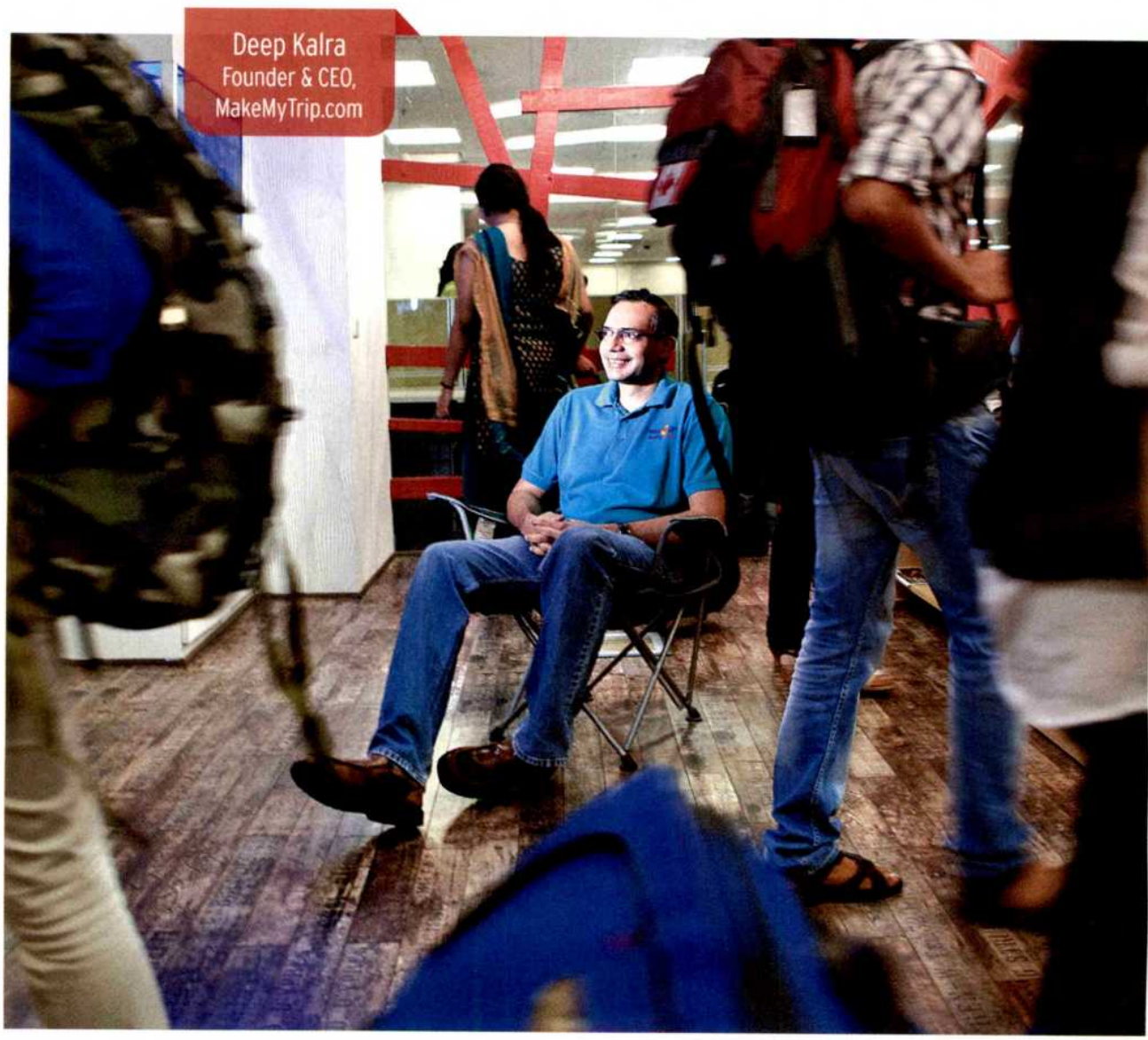
Focus on People's Strengths

It is difficult to pin-point one 'best' piece of advice that I ever received. Therefore, I'd like to offer my toppers across different areas.

People Management: Dhruv Prakash, executive coach, encouraged me to play to people's strengths rather than try to make them change their working style. During the initial years of MakeMyTrip, I would urge my colleagues to work on their rough edges. It's only after this valuable piece of advice that I changed my approach fundamentally and stopped trying to make all-rounders out of specialist bowlers! It paid rich dividends.

Marketing: Sanjeev Bikhchandani's unforgettable advice on how to pick the right TV commercial. Given the high cost of media, it's imperative to get the creative right. So they kept rejecting the concept scripts at Naukri till they got a real zinger, irrespective of how long it took! Helped them get "Hari Sadu", and us "Beta Mahesh" and "Chicken/Dog meat" TV commercials.

Finance: Perhaps the only issue that Ravi Adusumalli, our lead investor, has been emphatic about was to list our shares in the US market. I started out a non-believer, but the more I researched, the more convinced I was of this being the right thing. The rest, as they say, is history.



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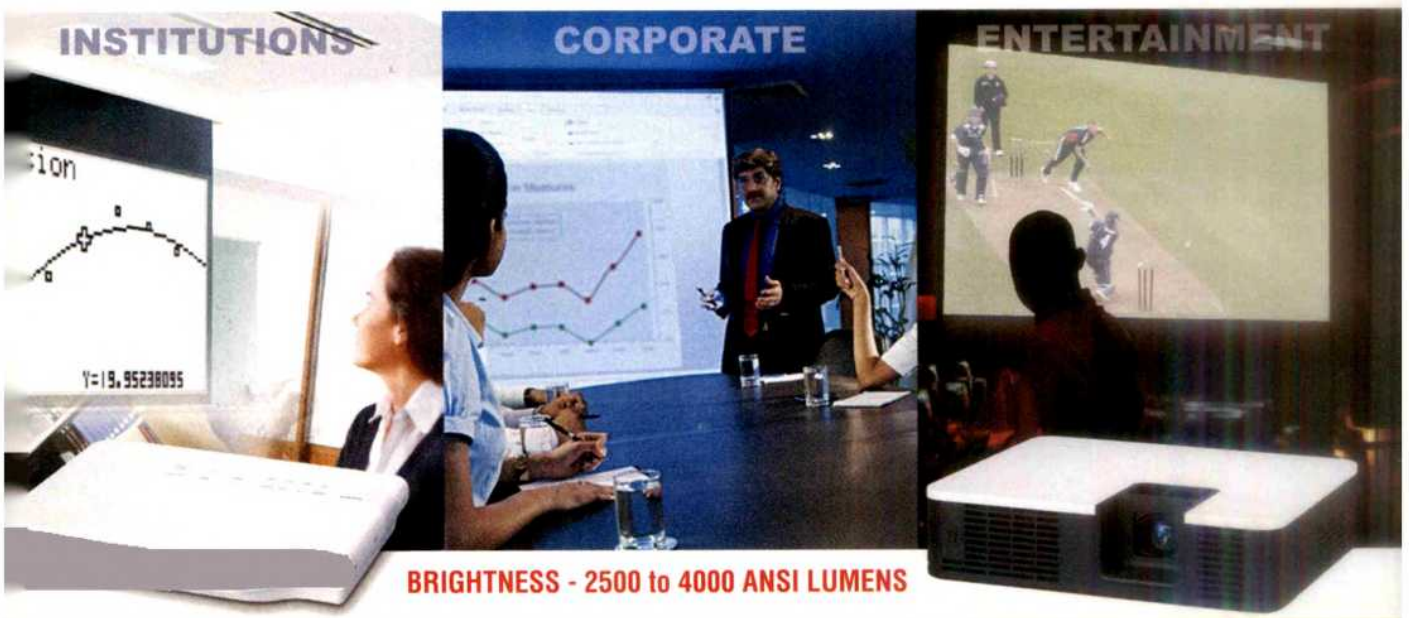

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Think Long-term, Act Short-term

DEEPAK G. PAWAR

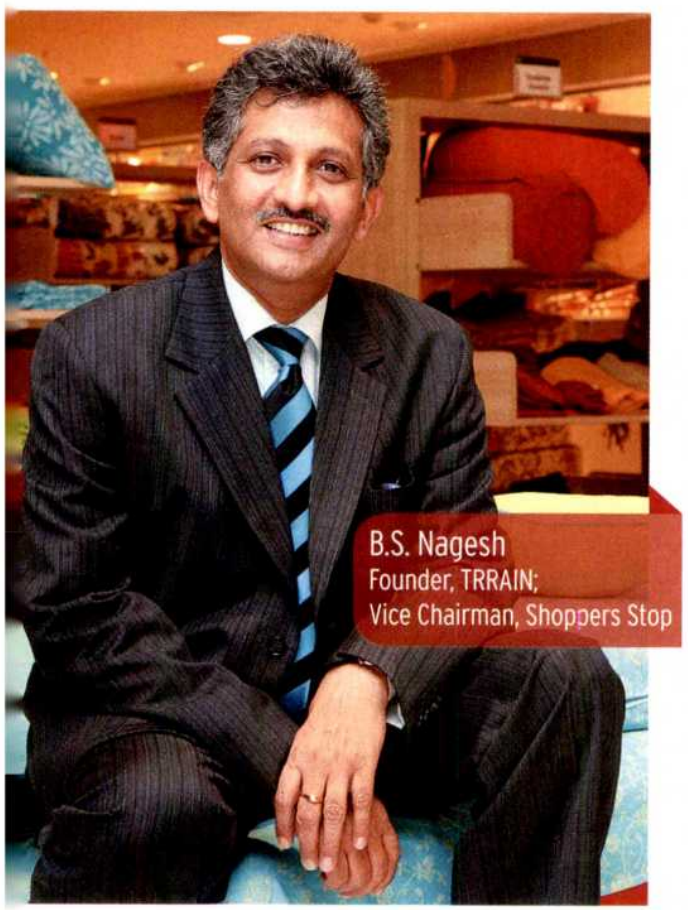
Sachin Bansal
CEO & Co-founder, Flipkart.com

I have received a lot of advice over the years. But the one that I have acted on and that has helped in these five years of being an entrepreneur is: think long-term, act short-term.

This advice, from someone close to me, is in my opinion, a sound framework for decision-making.

While long-term thinking is essential for success, losing focus of short-term needs can hamper the ability to take decisions on a day-to-day basis. On the other hand, if you only concentrate on your current requirements, then there might be a natural tendency to take what seems to be the most attractive path at that point in time. This may not be the best fit for your business in the future.

For example, a lot of people are talking about how e-commerce is not a profitable business model. We can be profitable today, if we choose to be. But our aim is to reach profitability at a much larger revenue base. Investment in technology, attaining market leadership in every category we enter, making online shopping a household phenomenon – these are the benchmarks that I feel will get us there.



B.S. Nagesh
Founder, TRRAIN;
Vice Chairman, Shoppers Stop

The Power of the Brand

As business leaders, we believe we know it all and therefore never prepare for a downturn. When the slowdown actually hits, most reactions are knee-jerk, and we start seeking advice from everyone other than our truly loyal customers.

However, in 2008 I got advice when I met many well-wishers, including customers, and I along with Govind (Shrikhande), then CEO and now the Managing Director, made quite a few decisions which then looked risky, contrarian and ground-defying. In hindsight, all the decisions have proved right.

A slowdown is the best time to put your might behind the brand. When the slowdown hit, Shoppers Stop changed its logo and byline, and launched a campaign under a new brand identity and logo called "Start Something New".

Customers show their loyalty by coming to your stores, but retailers do not respond by delivering the required level of service. Loyalty programmes are a result of organisational loyalty to customers and customers' loyalty to organisations. Shoppers Stop promoted heavily and gave maximum benefits to its First Citizen Members during that period. This helped increase the programme contribution and the company also came out with a better performance during the downturn.

Further, employees are as concerned about a company's health as the promoters and the top management. The management team of Shoppers Stop took a voluntary pay cut to tide over the situation. These three lessons are engraved in my mind and I believe these are universal truths.

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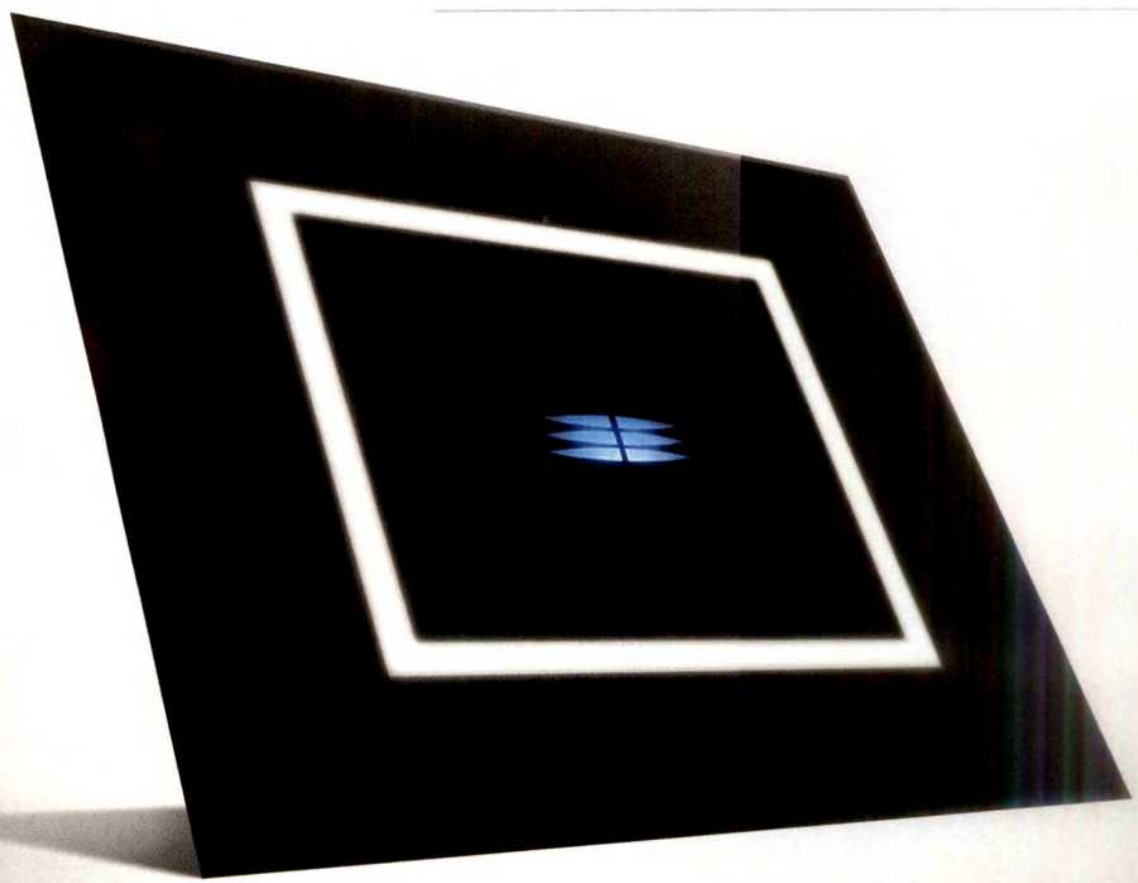

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Be Transparent

The following is advice I have received, as well as advice I wish I had received.

Value in the business. There should be a clear benefit for consumers leading to building of genuine value. Otherwise the company will last as long as the marketing monies last or the high-energy environment doesn't end.

Focus, focus, focus. Stick to your knitting.

Conserve capital. Cash is king, and the only thing that matters at the end of the day.

Eliminate all nice-to-have costs. Introduce measures that may be considered harsh in normal times, but are needed for surviving in uncertain and volatile times.

Keep the team motivated. As they see the dark clouds they need reassurance that the world will not fall apart.

Be transparent with the team. Keeping people in the loop allows them to take mature decisions. I have rarely seen people abuse this trust and it brings in a huge amount of ownership.

Calculated risk. Take risks, but only calculated ones that are backed by data, not just perceptions

Keep close tabs on customers. It helps to get early signs of any trend, positive or negative.

Long-term perspective. One needs to have patience to weather out storms, and storms don't last.

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Ishita Swarup
Co-founder and
CEO, 99labels.com

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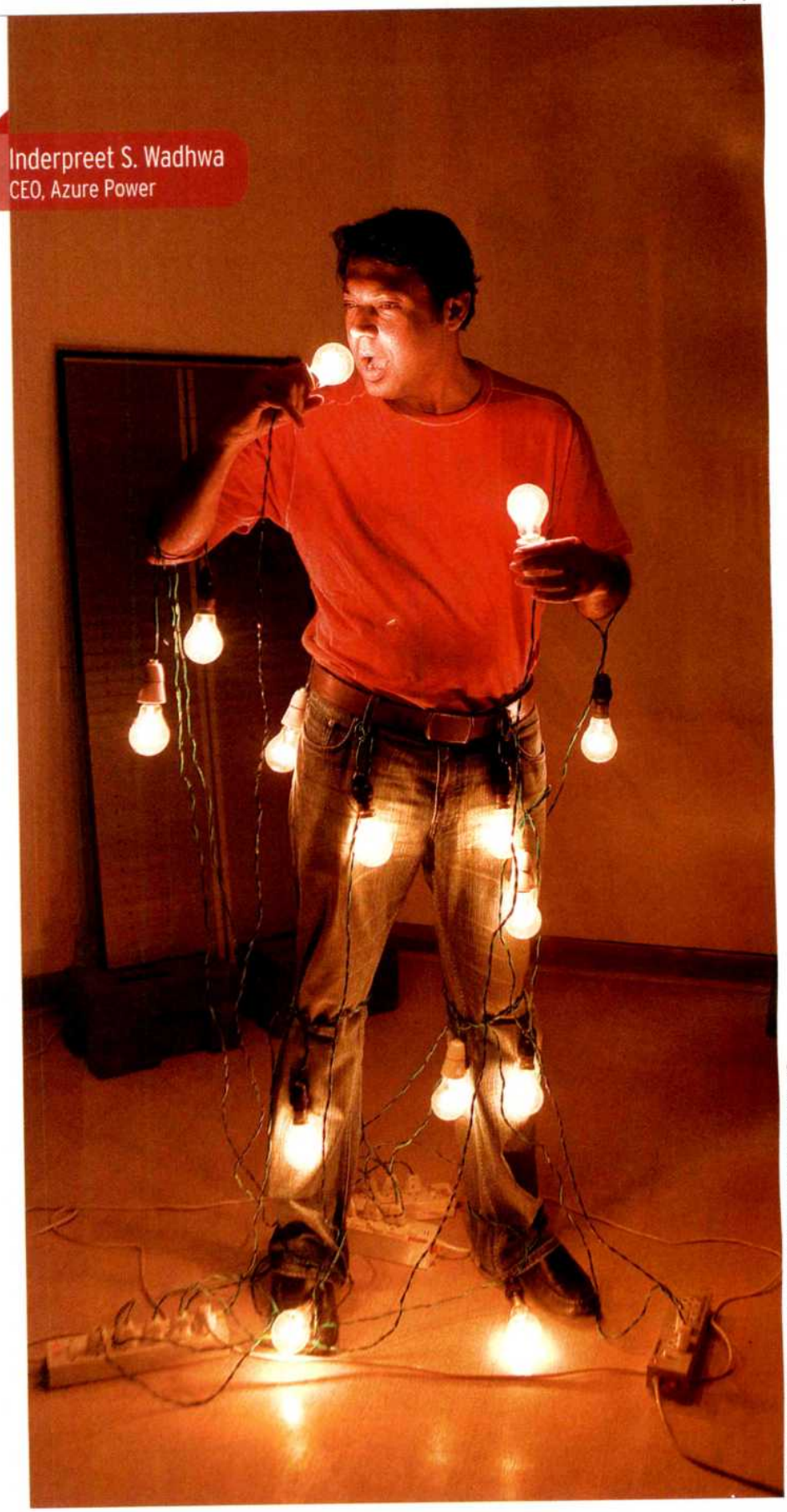
PALLAV NADHANI P94



Inderpreet S. Wadhwa
CEO, Azure Power

It Always Works Out in the End!

This is something that I have heard repeatedly over the years in one form or another, from my parents, investors, industry leaders and friends. From this advice, I have imbibed persistence, patience and resilience in both my personal and professional life.

When I was setting India's first-ever megawatt-scale solar power plant in 2008/09, at village Awan in Punjab, there was hardly any market-level stimulus or even awareness among various nodal agencies for such projects. Financial institutions were extremely sceptical of the concept and there were practically no comparables in the country. Through persistence, patience and resilience, I convinced everyone from the village panchayat to state and national renewable energy nodal agencies and international investors that led to the commissioning of the plant in December 2009.

The Awan plant became the first operating project under the Jawaharlal Nehru National Solar Mission and the first of many such initiatives that have now given solar power a boost in the country.

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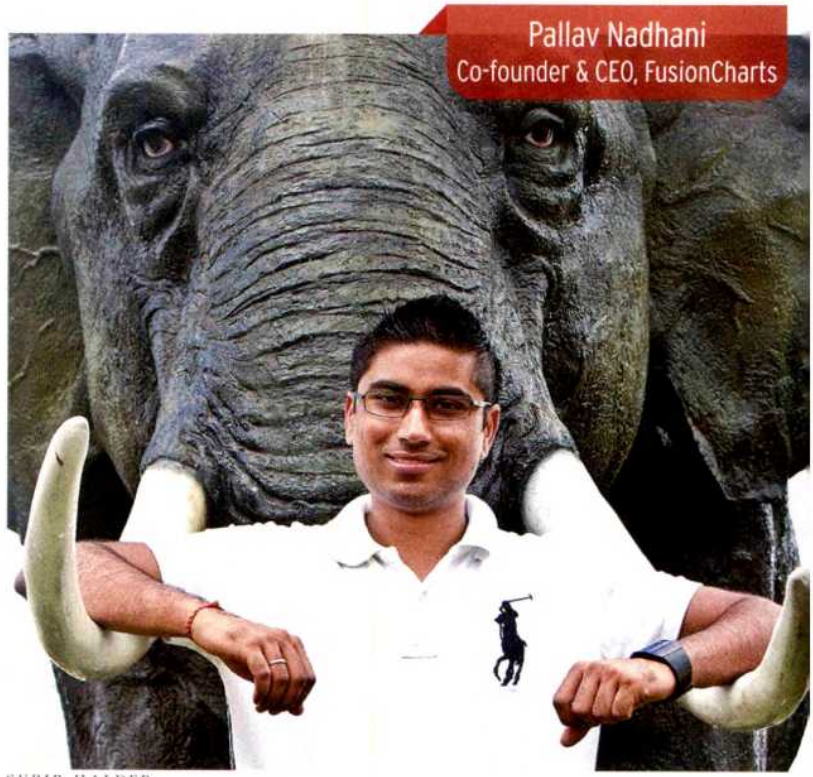
Sleep With Your Competition

Pallav Nadhani
Co-founder & CEO, FusionCharts

I have always seen competitors as just that. Competition. Us versus them. A fight in which throats will be slit and blood will flow. Okay, you get the drift. We always had to be a step ahead and make sure they had no idea what we were up to. Then someone sensible wrote: sleep with your competition. The article talked about how you should respect your competitors, try to be friends with them outside of work, and look at ways of collaborating with them to increase the market rather than chipping away at each other's market share. And then one day at FusionCharts, we put that goblin of wisdom into practice and carved it in stone thereafter.

At FusionCharts, we pioneered interactive charting in Adobe Flash. People loved the richness and fluid beauty of Adobe Flash and we got to 15,000 customers selling just that. Then the iPad came along and Steve Jobs decided it was not going to support Flash. JavaScript and HTML5 were the future. Anyone who has ever built a product knows that a change of platform takes months, if not years. We did not have that much time to spare. So we decided to collaborate with a new player who offered simple but effective JavaScript charting, and built on that. Since they were new, they knew they could use the money we were offering. Win-win.

Today, both of us have come a long way. Our JavaScript solution is much better, with the competitor-cum-friend keeping us on our toes. Sleeping with your competition can do the same for you. It's safer than you imagine.



SUBIR HALDER

Be Yourself

Alok Kejriwal
Co-founder & CEO, Games2win.com

The best advice I got was around September 2010. I was seated in the large conference room of Clearstone Venture Partners in their office in Santa Monica, California. Clearstone is the lead investor in my current venture, Games2win.com. The people present were Sumant Mandal, Games2win board member and Managing Director of Clearstone; Jim Armstrong, Joint MD of Clearstone; Bill Elkus, Founder of Clearstone; and I.

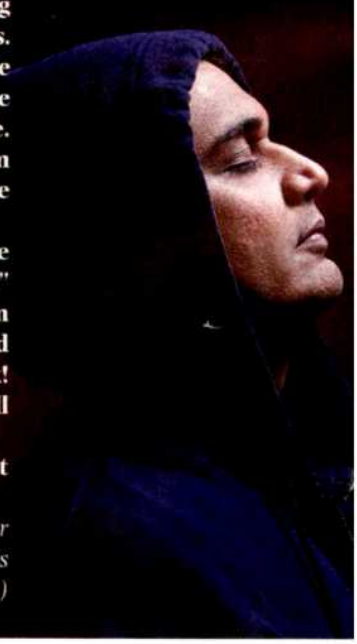
I was presenting the state of the Games2win business and had drawn a large circle on the whiteboard representing the business. Within the circle I started carving out areas (think pie charts) that defined our business lines. The carve-outs showed online games, portals, social games, and virtual worlds. It quickly looked pretty crowded. Yet, I had another marker to fill in new sections representing our forthcoming iStore and Android games.

As my marker approached the circle once again, I was nervous. This was the classic 'doing too many things' syndrome. Just as another line began to appear, Jim hollered out, saying: "Alok! Don't tell me you have more offerings to explain?"

I calmly said, "Yes Jim, we have these new lines rolling out as we speak and..." Before I could complete my sentence, Jim sat upright, broke into a big smile and loudly exclaimed: "That's audacious, Alok! We love you for your audacity and we will fund you for it!!"

The advice was: Be yourself. If that means stupidly audacious, then so be it!

The author runs a social network for entrepreneurs called The Rodinhoods (http://therodinhoods.com)



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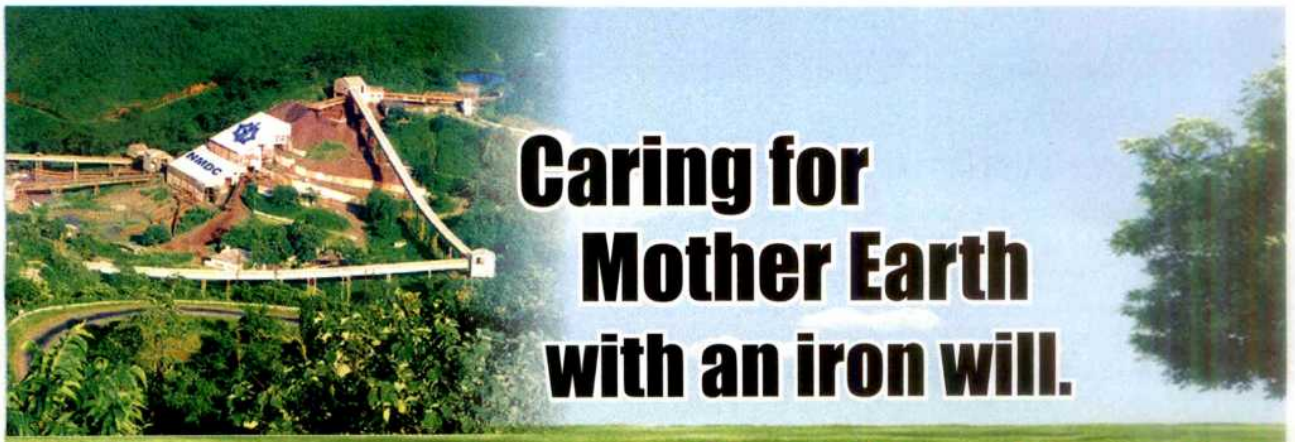

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PART-I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30-06-2012

(Rs. in Crore)

Particulars	Three months ended			Year to date
	30-06-12	31-03-12	30-06-11	31-03-12
	Un-audited	Un-audited	Un-audited	Audited
1. Income from operations				
(a) Net Sales / income from operations (net of excise duty)	2,837.90	2,593.65	2,782.61	11,260.53
(b) Other operating income	2.45	0.93	-	1.36
Total Income from operations (net)	**2,840.35**	**2,594.58**	**2,782.61**	**11,261.89**
2. Expenses				
(a) Consumption of raw materials	8.62	6.05	6.23	24.01
(b) Consumption of Stores & spares	53.69	80.84	39.61	232.56
(c) Changes in inventories of finished goods and work-in-progress	-13.12	-39.62	-1.07	-22.72
(d) Employee Benefit Expense	135.26	126.53	126.26	529.10
(e) Royalty & Cess	223.13	292.80	237.52	1,022.61
(f) Selling Exps incl. Freight out	36.10	-2.28	42.73	144.02
(g) Depreciation and Amortisation	32.79	32.14	32.52	130.17
(h) Other Expenses	94.64	152.87	76.82	406.38
Total Expenses	571.11	649.33	560.62	2,466.13
3. Profit from operations before Other income finance cost & exceptional items (1-2)	2,269.24	1,945.25	2,221.99	8,795.76
4. Other income	552.14	546.77	440.69	2,016.49
5. Profit from ordinary activities before finance costs and exceptional items (3+4)	2,821.38	2,492.02	2,662.68	10,812.25
6. Finance cost	-	1.48	-	1.48
7. Profit from ordinary activities after finance costs but before exceptional items (5-6)	2,821.38	2,490.54	2,662.68	10,810.77
8. Exceptional items	-	51.30	-	51.30
9. Profit from ordinary activities before Tax (7-8)	**2,821.38**	**2,439.24**	**2,662.68**	**10,759.47**
10. Tax expense	915.38	796.96	861.53	3,494.08
11. Net Profit from ordinary activities after tax (9-10)	1,906.00	1,642.28	1,801.15	7,265.39
12. Extraordinary items (net of tax expense)	-	-	-	-
13. Net Profit for the period (11-12)	**1,906.00**	**1,642.28**	**1,801.15**	**7,265.39**
14. Paid-up Equity Share Capital Face value per share	396.47 Re. 1/-	396.47 Re. 1/-	396.47 Re. 1/-	396.47 Re. 1/-
15. Reserves excluding revaluation reserves				24,009.89
16. i & ii EPS for the period (Rs) - Basic and diluted before and after extraordinary items	4.81	4.14	4.54	18.33
	(Not annualised)			(Annualised)

PART-II

SELECT INFORMATION FOR THE PERIOD ENDED 30-06-2012

Particulars	Three months ended			Year to date
	30-06-12	31-03-12	30-06-11	31-03-12
A. PARTICULARS OF SHAREHOLDING				
1. Public shareholding				
- Number of Shares	396,297,820	396,297,820	396,297,820	396,297,820
- Percentage of shareholding	10	10	10	10
2. Promoters and Promoter group shareholding				
a) Pledged / Encumbered				
- Number of Shares	-	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
b) Non Encumbered				
- Number of Shares	3,568,418,180	3,568,418,180	3,568,418,180	3,568,418,180
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100
- Percentage of shares (as a% of the total share capital of the company)	90	90	90	90

Particulars	Three Months ended 30-Jun-2012
B. INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	NIL
Received during the quarter	37
Disposed of during the quarter	37
Remaining unresolved at the end of the quarter	NIL

Up 2% Turnover (Q1)

Up 12% Production Iron Ore (Q1)

Up 6% PAT (Q1)

Up 6% PBT (Q1)

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

(Rs. in Crore)

Particulars	Three months ended			Year to date
	30-06-12	31-03-12	30-06-11	31-03-12
	Un-audited	Un-audited	Un-audited	Audited
1. Segment Revenue (net sale / income from each segment)				
a) Iron Ore	2,812.25	2,568.50	2,770.41	11,204.56
b) Other Minerals & Services	42.75	35.48	16.03	94.33
Total	2,855.00	2,603.98	2,786.44	11,298.89
Less: Inter segment revenue	14.65	9.40	3.83	37.00
Net sales / income from operations	**2,840.35**	**2,594.58**	**2,782.61**	**11,261.89**
2. Segment Results (profit (+) / loss (-) before tax and interest from each segment)				
a) Iron Ore	2,290.63	2,009.36	2,281.60	8,993.64
b) Other Minerals & Services	15.68	-39.46	-15.63	-42.15
Total	2,306.31	1,969.90	2,265.97	8,951.49
i) Less : Interest	-	(1.48)	-	(1.48)
ii) Add : Other unallocable income net off unallocable expenditure	515.07	467.86	396.71	1,806.50
Total Profit before Tax	**2,821.38**	**2,439.24**	**2,662.68**	**10,759.47**
3. Capital Employed (Segment assets - Segment Liabilities)				
a) Iron Ore	2,430.60	2,214.12	1,639.83	2,214.12
b) Other Minerals & Services	79.75	78.87	121.42	78.87
c) Other offices	23,892.89	22,203.38	19,341.35	22,203.38
Total	**26,403.24**	**24,496.37**	**21,102.60**	**24,496.37**

NOTES:

1. As per the Hon'ble Supreme Court order dated 23/09/2011, the Iron ore of Donimalai Complex, Karnataka is being e-auctioned with effect from 04/10/2011 by the Monitoring Committee (MC) constituted by the CEC of the Supreme Court. Pending settlement of various issues by the Hon'ble Supreme Court the sales have been accounted as per the normal practice.
2. Action has been initiated to sell the plant and machinery of Silica Sand Project, Lalapur and UPFO Plant, Vizag. The net loss after tax from the discontinued operations of the above units for the quarter Rs. NIL (Previous year Rs. 0.09 cr) is included in the above results.
3. The above financial results have been reviewed by the Audit Committee at its meeting held on13 Aug, 2012 and approved by the Board of Directors at its meeting held on 13 Aug, 2012.
4. Figures for the previous period have been regrouped wherever considered necessary so as to conform to the classification of the current period.

For and on behalf of NMDC Limited

Sd/-

(C.S.VERMA)

Chairman-cum-Managing Director

Place: New Delhi
Date: 13-08-2012

NMDC Limited

(A Government of India Enterprise)

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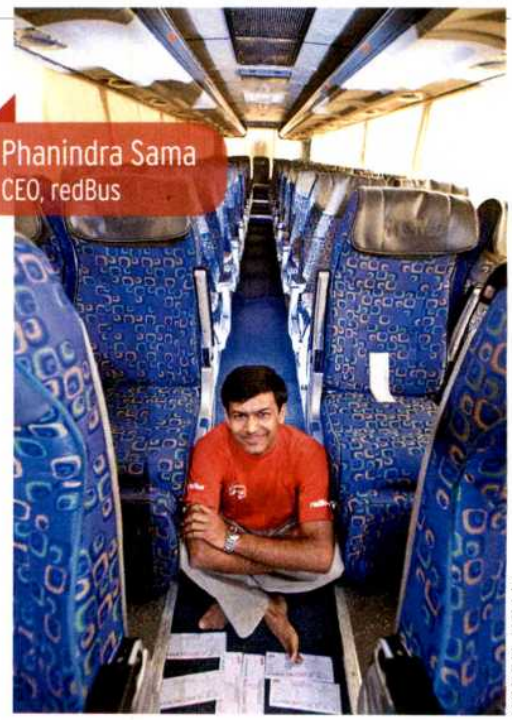
Senior Managers Make a Big Difference



Phanindra Sama
CEO, redBus

VIVAN MEHRA

The best advice that I got in the recent past was to use Executive Search Firms (ESFs) to hire senior management. This came from my mentor, Sanjay Anandaram. He said it is the senior management that makes an organisation what it is. Even a 10 per cent improvement in the management team can result in multifold improvement in the organisation.

To hire for our senior management team, we used to use friend networks, job portals and professional networking portals like LinkedIn during our initial days. This worked, but it was time-consuming and at times ineffective. Besides, some of the best candidates were not looking for jobs, which meant they were not present on the job portals.

For the last few years, we have been using ESFs. They are expensive, but they have proved to be quite effective. Their search is based on mapping and networking. They map the organisational structures of almost all the companies in the industry, and network with most potential candidates. At times, they are also pretty accurate at evaluating candidates.

In the course of building our team, we have met and hired some of the best people for the job in the country. This increased our confidence, opened up many possibilities, and caused multifold growth.

Kunal Bahl
CEO, Snapdeal

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If You Don't Do It, It Won't Get Done

This was the advice I received from my mom, probably many times over as I grew up. I was a good student, but always required a push to take the initiative in excelling at academics. My mom would tell me that I can't let other people carry the responsibility or the burden for my progress and goals. As an entrepreneur, I found this advice has really helped, because when you are 24 years old, don't have a business family or financial background, it's your initiative and drive that gets you through. No one is going to walk into your office and do the work for you – you have to feel the pain of the repercussions of something not getting done. This always keeps me honest, and aware that there is limited margin for treating the task at hand with any degree of levity or any value in trying to pass the buck to someone else. ◆

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Scott D. Anthony

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Will Working Mothers Take Your Company to Court?
Joan C. Williams and Amy J.C. Cuddy

THE *(surprisingly)* SIMPLE RULES OF STRATEGY

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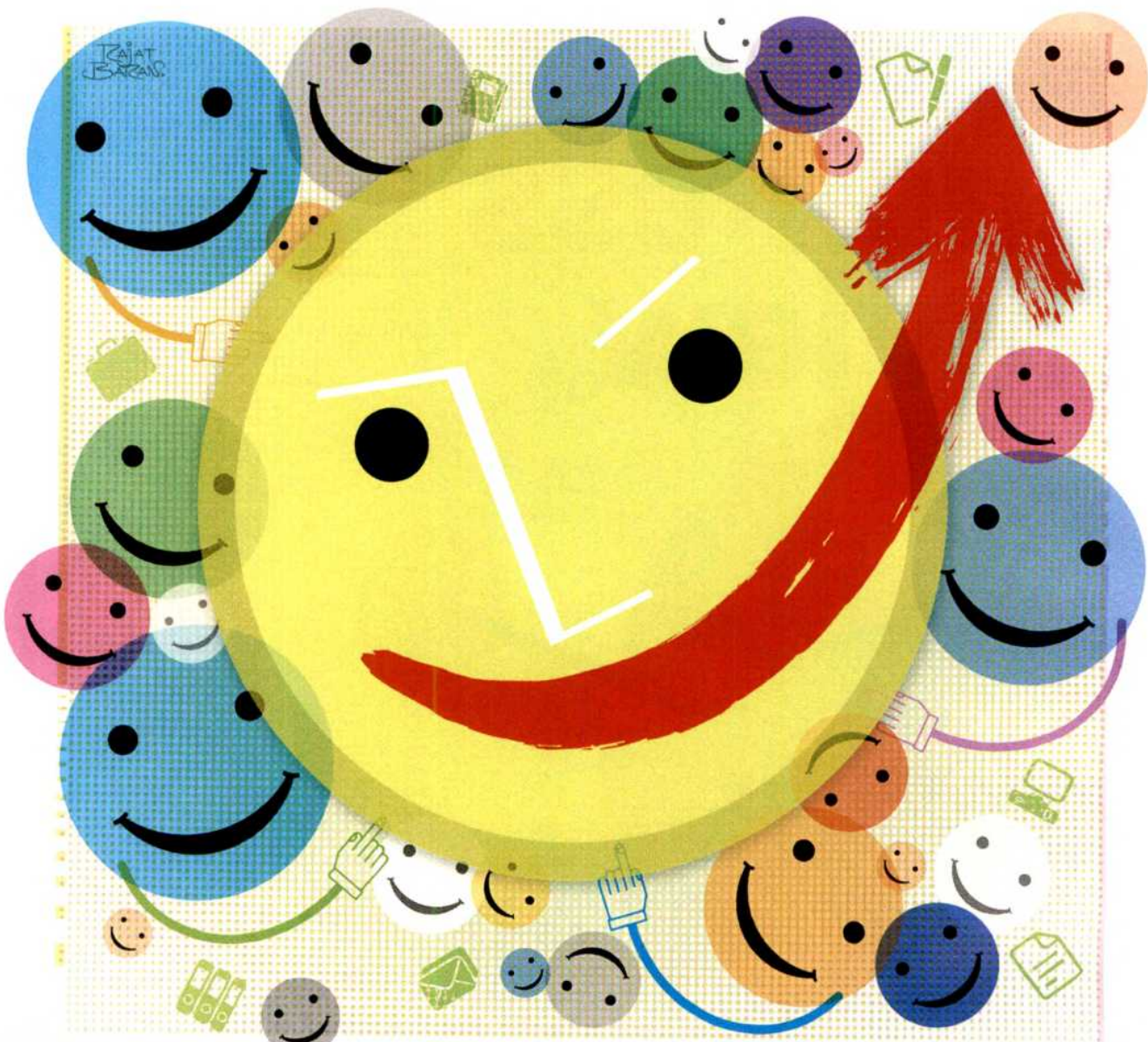


CREATING SUSTAINABLE PERFORMANCE

If you give your employees the chance to learn and grow, they'll thrive – and so will your organisation. By GRETCHEN SPREITZER and CHRISTINE PORATH

When the economy's in terrible shape, when any of us is lucky to have a job – let alone one that's financially and intellectually rewarding – worrying about whether or not your employees are happy might seem a little over the top. But in our research into what makes for a consistently high-performing workforce, we've found good reason to care: Happy employees produce more than unhappy ones over the long term. They routinely show up at work, they're less likely to quit, they go above and beyond the call of duty, and they attract people who are just as committed to the job. Moreover, they're not sprinters; they're more like marathon runners, in it for the long haul.

So what does it mean to be happy in your job? It's not about *contentment*, which connotes a degree of complacency. When we and our research partners at the Ross School of Business's Center for Positive Organizational Scholarship started looking into the factors involved in sustainable individual and organisational performance, we found a better word: *thriving*. We think of a thriving workforce as one in which employees are not just satisfied and productive but also engaged in creating the future – the company's and their own. Thriving employees have a bit of an edge – they are highly energised – but they know how to avoid burnout.

Across industries and job types, we found that people who fit our description of thriving demonstrated 16 per cent better overall performance (as reported by their managers) and 125 per cent less burnout (self-reported) than their peers. They were 32 per cent more committed to the organisation and 46 per cent more satisfied with their jobs. They also missed much less work and reported significantly fewer doctor visits, which meant health care savings and less lost time for the company.

We've identified two components of thriving. The first is *vitality*: the sense of being alive, passionate, and excited. Employees who experience vitality spark energy in themselves and others. Companies generate vitality by giving people the sense that what they do on a daily basis makes a difference.

The second component is *learning*: the growth that comes from gaining new knowledge and skills. Learning can bestow a technical advantage and status as an expert. Learning can also set in motion a virtuous cycle: People who are developing their abilities are likely to believe in their potential for further growth.

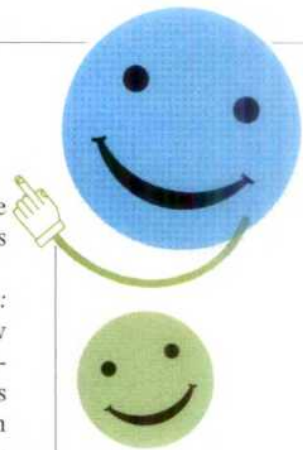
The two qualities work in concert; one without the other is unlikely to be sustainable and may even damage performance. Learning, for instance, creates momentum for a time, but without passion it can lead to burnout. What will I do with what I've learned? Why should I stick with this job? Vitality alone – even when you love the kudos you get for delivering results – can be deadening: When the work doesn't give you opportunities to learn, it's just the same thing over and over again.

The combination of vitality and learning leads to employees who deliver results and find ways to grow. Their work is rewarding not just because they successfully perform what's expected of them today but also because they have a sense of where they and the company are headed. In short, they are thriving, and the energy they create is contagious.

How Organisations Can Help Employees Thrive

Some employees thrive no matter the context. They naturally build vitality and learning into their jobs, and they inspire the people around them. A smart hiring manager will look for those people. But most employees are influenced by their environment. Even those predisposed to flourish can fold under pressure.

The good news is that – without heroic measures or major financial investments – leaders and managers can jump-start a culture that encourages employees to thrive. That is, managers can overcome organisational inertia to promote thriving and the productivity that follows it – in



THRIVING EMPLOYEES ARE HIGHLY ENERGISED, BUT THEY KNOW HOW TO AVOID BURNOUT

27%

BLUE-COLLAR WORKERS WHO SCORED HIGH ON THRIVING PERFORMED 27 PER CENT BETTER OVERALL THAN THEIR LOWER-THRIVING COLLEAGUES

53%

THRIVING BLUE-COLLAR WORKERS WERE 53 PER CENT MORE LIKELY TO EXPERIENCE POSITIVE CAREER PROGRESSION THAN OTHER EMPLOYEES

16%

WHITE-COLLAR WORKERS WHO SCORED HIGH ON THRIVING PERFORMED 16 PER CENT BETTER OVERALL THAN PEERS WITH LOWER SCORES

many cases with a relatively modest shift in attention.

Ideally, you'd be blessed with a workforce full of people who naturally thrive. But there's a lot you can do to release and sustain enthusiasm. Our research has uncovered four mechanisms that create the conditions for thriving employees: providing decision-making discretion, sharing information, minimising incivility, and offering performance feedback. The mechanisms overlap somewhat. For instance, if you let people make decisions but give them incomplete information, or leave them exposed to hostile reactions, they'll suffer rather than thrive. One mechanism by itself will get you part of the way, but all four are necessary to create a culture of thriving. Let's look at each in turn.

Providing Decision-making Discretion

Employees at every level are energised by the ability to make decisions that affect their work. Empowering them in this way gives them a greater sense of control, more say in how things get done, and more opportunities for learning.

The airline industry might seem like an unlikely place to find decision-making discretion (let alone a thriving workforce), but consider one company we studied, Alaska Airlines, which created a culture of empowerment that has contributed to a major turnaround over the past decade. In the early 2000s the airline's numbers were flagging, so senior management launched the 2010 Plan, which explicitly invited employee input into decisions that would improve service while maintaining a reputation for timely departures. Employees were asked to set aside their current perceptions of "good" service and consider new ways to contribute, coming up with ideas that could take service from good to truly great.

Agents embraced the programme, which gave them, for instance, the discretion to find solutions for customers who had missed flights or were left behind for any other reason. Ron Calvin, the director of the eastern region, told us of a call he had recently received on his cell phone from a customer he hadn't seen or spoken to since working at the Seattle airport, five years earlier. The customer had a three-month-old grandchild who had just gone into cardiac arrest. The grandparents were trying to get back to Seattle from Honolulu. Everything was booked. Ron made a few calls and got them on a flight right away. That day the grandfather sent Ron a text saying, simply, "We made it."

Efforts like this to meet individual needs without holding up flights have led to a number one rating for on-time performance and a full trophy case. The airline has also expanded considerably into new markets, including Hawaii, the Midwest, and the East Coast.

Southwest is a better-known story, largely because of the company's reputation for having a fun and caring culture. Flight attendants are often eager to sing, joke around, and in general entertain customers. They also radiate energy and a passion for learning. One decided to offer the preflight safety instructions in rap format. He was motivated to put his special talents to work, and the passengers loved it, reporting that it was the first time they had actually paid attention to the instructions.

At Facebook, decision-making discretion is fundamental to the culture. One employee posted a note on the site expressing his surprise, and pleasure, at the company's motto, "Move fast and break things," which encourages employees to make decisions and act. On just his second day of work, he found a fix to a complicated bug. He expected some sort of hierarchical review, but his boss, the vice president of product, just smiled and said, "Ship it." He marvelled that so early on he had delivered a solution that would instantly reach millions of people.

The challenge for managers is to avoid cutting back on empowerment when people make mistakes. Those situations create the best conditions for learning – not only for the parties concerned but also for others, who can learn vicariously.

Sharing Information

Doing your job in an information vacuum is tedious and uninspiring; there's no reason to look for innovative solutions if you can't see the larger impact. People can contribute more effectively when they

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understand how their work fits with the organisation's mission and strategy.

Alaska Airlines has chosen to invest management time in helping employees gain a broad view of the company's strategy. The 2010 Plan was launched with traditional communications but also with a months-long road show and training classes designed to help employees share ideas. The CEO, the president, and the COO still go on the road quarterly to gather information about the idiosyncrasies of various markets; they then disseminate what they've learned. The benefits show up in yearly measures of employee pride in the company – now knocking it out of the park at 90 per cent.

At Zingerman's (an Ann Arbor, Michigan, community of food-related businesses that has worked closely with Wayne Baker, a colleague of ours in the Center for Positive Organizational Scholarship), information is as transparent as possible. The organisation had never consciously withheld its numbers – financial information was tacked up for employees to see – but when cofounders Ari Weinzweig and Paul Saginaw studied open book management in the mid-1990s, they came to believe that employees would show more interest if they got involved in the "game".

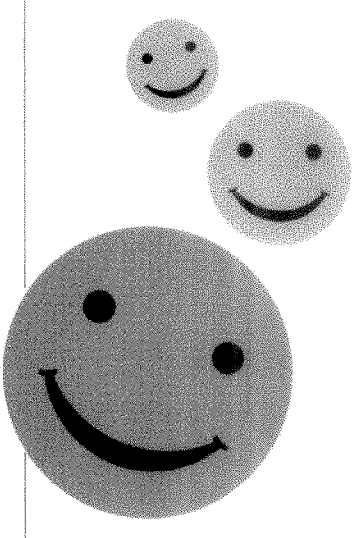
Implementation of a more formal and meaningful open book policy was not easy. People could look at the numbers, but they had little reason to pay attention and didn't get much insight into how the data related to their daily work. For the first five or six years, the company struggled to build the concept into its systems and routines and to wrap people's minds around what Baker calls "the rigour of the huddle": weekly gatherings around a whiteboard at which teams track results, "keep score", and forecast the next week's numbers. Although people understood the rules of open book management, at first they didn't see the point of adding yet another meeting to their busy schedules. It wasn't until senior leaders made huddling non-negotiable that employees grasped the true purpose of the whiteboards, which displayed not just financial figures but also service and food quality measures, check averages, internal satisfaction figures, and "fun", which could mean anything from weekly contests to customer satisfaction ratings to employees' ideas for innovation.

Some Zingerman's businesses began instituting "mini games": short-term incentives to fix a problem or capitalise on an opportunity. For instance, the staff at Zingerman's Roadhouse restaurant used the greeter game to track how long it took for customers to be greeted. "Ungreeted" customers expressed less satisfaction, and employees found themselves frequently comping purchases to make up for service lapses. The greeter game challenged the host team to greet every customer within five minutes of being seated, with a modest financial reward for 50 straight days of success. It inspired hosts to quickly uncover and fix holes in the service process. Service scores improved considerably over the course of a month. Other Zingerman's businesses started similar games, with incentives for faster delivery, fewer knife injuries in the bakery (which would lower insurance costs), and neater kitchens.

The games have naturally created some internal tensions by delivering bad news along with the good, which can be demoralising. But overall they have greatly increased frontline employees' sense of ownership, contributing to better performance. From 2000 to 2010 Zingerman's revenue grew by almost 300 per cent, to more than $35 million; the company's leaders credit open book management as a key factor in that success.

Simple anecdotes lend credence to their claim. For instance, a couple of years ago we saw Ari Weinzweig give a talk at the Roadhouse. A guest asked him whether it was realistic to expect the average waiter or busboy to understand company strategy and finance. In response, Ari turned to a busboy, who had been oblivious to the conversation: Would the teenager mind sharing Zingerman's vision and indicating how well the restaurant was meeting its weekly goals? Without batting an eye, the busboy stated the vision in his own words and then described how well the restaurant was doing that week on "meals sent back to the kitchen".

While Zingerman's is a fairly small business, much larger ones – such as Whole Foods and the transportation company YRC Worldwide – have also



PEOPLE WHO HAVE BEEN THE TARGETS OF BAD BEHAVIOUR ARE OFTEN, IN TURN, UNCIVIL THEMSELVES: THEY SABOTAGE THEIR PEERS; THEY "FORGET" TO COPY COLLEAGUES ON MEMOS

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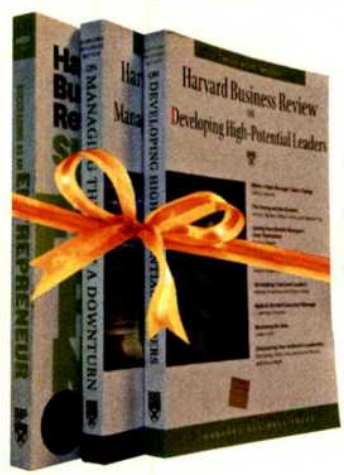

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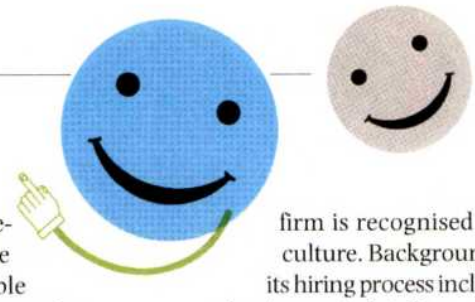


adopted open book management. Systems that make information widely available build trust and give employees the knowledge they need to make good decisions and take initiative with confidence.

Minimising Incivility

The costs of incivility are great. In our research with Christine Pearson, a professor at Thunderbird School of Global Management, we discovered that half of employees who had experienced uncivil behaviour at work intentionally decreased their efforts. More than a third deliberately decreased the quality of their work. Two-thirds spent a lot of time avoiding the offender, and about the same number said their performance had declined.

Most people have experienced rude behaviour at work. Here are a few quotes from our research:

"My boss asked me to prepare an analysis. This was my first project, and I was not given any instructions or examples. He told me the assignment was crap."

"My boss said, 'If I wanted to know what you thought, I'd ask you.'"

"My boss saw me remove a paper clip from some documents and drop it in my wastebasket. In front of my 12 subordinates he rebuked me for being wasteful and required me to retrieve it."

"On speakerphone, in front of peers, my boss told me that I'd done 'kindergarten work.'"

We have heard hundreds of stories, and they're sadly familiar to most working people. But we don't hear so much about the costs.

Incivility prevents people from thriving. Those who have been the targets of bad behaviour are often, in turn, uncivil themselves: They sabotage their peers. They "forget" to copy colleagues on memos. They spread gossip to deflect attention. Faced with incivility, employees are likely to narrow their focus to avoid risks – and lose opportunities to learn in the process.

A management consultancy we studied, Caiman Consulting, was founded as an alternative to the larger firms. Headquartered in Redmond, Washington, in offices that are not particularly sleek, the firm is recognised for its civil culture. Background checks in its hiring process include a candidate's record of civility.

"People leave a trail," says Caiman's director, Greg Long. "You can save yourself from a corrosive culture by being careful and conscientious up front." The managing director, Raazi Imam, told us: "I have no tolerance for anyone to berate or disrespect someone." When it does happen, he pulls the offender aside to make his policy clear. Long attributes the firm's 95 per cent retention rate to its culture.

Caiman passes up highly qualified candidates who don't match that culture. It also keeps a list of consultants who might be good hires when an appropriate spot opens up. The HR director, Meg Clara, puts strong interpersonal skills and emotional intelligence among her prime criteria for candidates.

At Caiman, as at all companies, managers establish the tone when it comes to civility. A single bad player can set the culture awry. One young manager told us about her boss, an executive who had a habit of yelling from his office, "You made a mistake!" for a sin as minor as a typo. His voice would resonate across the floor, making everyone cringe and the recipient feel acutely embarrassed. Afterward, colleagues would gather in a common area for coffee and commiseration. An insider told us that those conversations focused not on how to get ahead at the company or learn to cope by developing a thick skin but on how to get even and get out.

In our research, we were surprised by how few companies consider civility – or incivility – when evaluating candidates. Corporate culture is inherently contagious; employees assimilate to their environment. In other words, if you hire for civility, you're more likely to breed it into your culture.

Offering Performance Feedback

Feedback creates opportunities for learning and the energy so critical for a culture of thriving. By resolving feelings of uncertainty, feedback keeps people's work-related activities focused on personal and or-

ABOUT THE RESEARCH

Over the past seven years, we have been researching the nature of thriving in the workplace and the factors that enhance or inhibit it. Across several studies with our colleagues Cristina Gibson and Flannery Garnett, we surveyed or interviewed more than 1,200 white- and blue-collar employees in an array of industries, including higher education, health care, financial services, maritime, energy, and manufacturing. We also studied metrics reflecting energy, learning, and growth, based on information supplied by employees and bosses, along with retention rates, health, overall job performance, and organisational citizenship behaviours. We developed a definition of thriving that breaks the concept into two factors: *vitality* – the sense that you're energised and alive; and *learning* – the gaining of knowledge and skills. When you put the two together, the statistics are striking. For example, people who were high energy and high learning were 21 per cent more effective as leaders than those who were only high energy. The outcomes on one measure in particular – health – were even more extreme. Those who were high energy and low learning were 54 per cent worse when it came to health than those who were high in both.

INDIVIDUAL STRATEGIES FOR THRIVING

Although organisations benefit from enabling employees to thrive, leaders have so much on their plates that attention to this important task can slip. However, anyone can adopt strategies to enhance learning and vitality without significant organisational support. And because thriving can be contagious, you may find your ideas quickly spreading.

TAKE A BREAK

Research by Jim Loehr and Tony Schwartz has shown that breaks and other renewal tactics, no matter how small, can create positive energy.

In our teaching, we let students design regular breaks and activities into the class to ensure that they stay energised. In one term, students decided to halt every class for two minutes at the midpoint to get up and do something active. Each week a different foursome designed the quick activity – watching a funny YouTube video, doing the cha-cha slide, or playing a game. The point is that the students figure out what is energising for them and share it with the class.

Even if your organisation doesn't offer formal mechanisms for renewal, it's nearly always possible to schedule a short walk, a bike ride, or a quick lunch in the park. Some people write it into their schedules so that meetings can't impinge.

CRAFT YOUR OWN WORK TO BE MORE MEANINGFUL

You can't ignore the requirements of your job, but you can watch for opportunities to make it more meaningful. Consider Tina, the staff administrator of a policy think tank within a large organisation. When her boss took a six-month sabbatical, Tina needed to find a short-term replacement project. After some scouting, she uncovered a budding initiative to develop staff members' ability to speak up with their ideas about the organisation. The effort needed an innovative spirit to kick it off. The pay was lower, but the nature of the work energised Tina. When her boss returned, she renegotiated the terms of her think tank job to consume only 80 per cent of her time, leaving the rest for the staff development project.

ganisational goals. The quicker and more direct the feedback, the more useful it is.

The Zingerman's huddle, described earlier, is a tool for sharing near-real-time information about individual as well as business performance. Leaders outline daily ups and downs on the whiteboard, and employees are expected to "own" the numbers and come up with ideas for getting back on track when necessary. The huddles also include "code reds" and "code greens", which document customer complaints and compliments so that all employees can learn and grow on the basis of immediate and tangible feedback.

Quicken Loans, a mortgage finance company that measures and rewards employee performance like no other organisation, offers continually updated performance feedback using two types of dashboard – a ticker and kanban reports. (*Kanban*, a Japanese word meaning "signal", is used frequently in operations.)

The ticker has several panels displaying group and individual metrics along with data feeds that show how likely an employee is to meet his or her daily goals. People are hardwired to respond to scores and goals, so the metrics help keep them energised through the day; essentially, they're competing against their own numbers.

The kanban dashboard allows managers to track people's performance so that they know when an employee or a team needs some coaching or other type of assistance. A version of the kanban chart is also displayed on monitors, with a rotating list of the top 15 salespeople for each metric. Employees are constantly in competition to make the boards, which are almost like a video game's ranking of high scorers.

Employees could feel overwhelmed or even oppressed by the constant nature of the feedback. Instead, the company's strong norms for civility and respect and for giving employees a say in how they accomplish their work create a context in which the feedback is energising and promotes growth.

LOOK FOR OPPORTUNITIES TO INNOVATE AND LEARN

Breaking out of the status quo can trigger the learning so essential to thriving. When Roger became the head of a prestigious high school in the Midwest, he was brimming with innovative ideas. He quickly ascertained, however, that quite a few staff members were not open to new ways of doing things. He made sure to listen to their concerns and tried to bring them along, but he invested more of his efforts in the growth and learning of those who shared his passion for breakthrough ideas. Mentoring and encouraging them, Roger began to achieve small wins, and his initiatives gained some momentum. A few of the resisters ended up leaving the school, and others came around when they saw signs of positive change. By focusing on those bright spots rather than the points of resistance, Roger was able to launch an effort that is propelling the school towards a radically different future.

INVEST IN RELATIONSHIPS THAT ENERGISE YOU

All of us have colleagues who may be brilliant but are difficult and corrosive to work with. Individuals who thrive look for opportunities to work closely with colleagues who generate energy and to minimise interaction with those who deplete it. In fact, when we built the research team to study thriving, we chose colleagues we enjoyed, who energised us, with whom we looked forward to spending time, and from whom we knew we could learn. At the Center for Positive Organizational Scholarship, we seek to build good relationships by starting every meeting with good news or expressions of gratitude.

RECOGNISE THAT THRIVING CAN SPILL OVER OUTSIDE THE OFFICE

There's evidence that high levels of engagement at work will not lessen your ability to thrive in your personal life but instead can enhance it. When one of us (Gretchen) was dealing with her husband's difficult medical diagnosis, she found that her work, even though it was demanding, gave her the energy to thrive professionally and in her family life. Thriving is not a zero-sum game. People who feel energised at work often bring that energy to their lives beyond work. And people inspired by outside activities – volunteering, training for a race, taking a class – can bring their drive back to the office.

The global law firm O'Melveny & Myers lauds the use of 360-degree evaluations in helping workers thrive. The feedback is open-ended and summarised rather than shared verbatim, which has encouraged a 97 per cent response rate. Carla Christofferson, the managing partner of the Los Angeles office, learned from her evaluation that people saw her behaviour as not matching the firm's stated commitment to work-life balance – which was causing stress among employees. She started to spend more time away from the office and to limit weekend work to things she could do at home. She became a role model for balance, which went a long way towards eliminating the worry of employees who wanted a life outside of work.

The four mechanisms that help employees thrive don't require enormous efforts or investments. What they do require is leaders who are open to empowering employees and who set the tone. As we noted earlier, each mechanism provides a different angle necessary for thriving. You can't choose one or two from the menu; the mechanisms reinforce one another. For example, can people be comfortable making decisions if they don't have honest information about current numbers? Can they make effective decisions if they're worried about being ridiculed?

Creating the conditions for thriving requires your concerted attention. Helping people grow and remain energised at work is valiant on its own merits – but it can also boost your company's performance in a sustainable way. ◆

Gretchen Spreitzer *is a professor of management and organisations at the University of Michigan's Ross School of Business.* **Christine Porath** *is an assistant professor at the Georgetown University's McDonough School of Business. This article was published in* Harvard Business Review, *January-February 2012.* *Copyright © 2012 Harvard Business School Publishing Corporation. All rights reserved.*

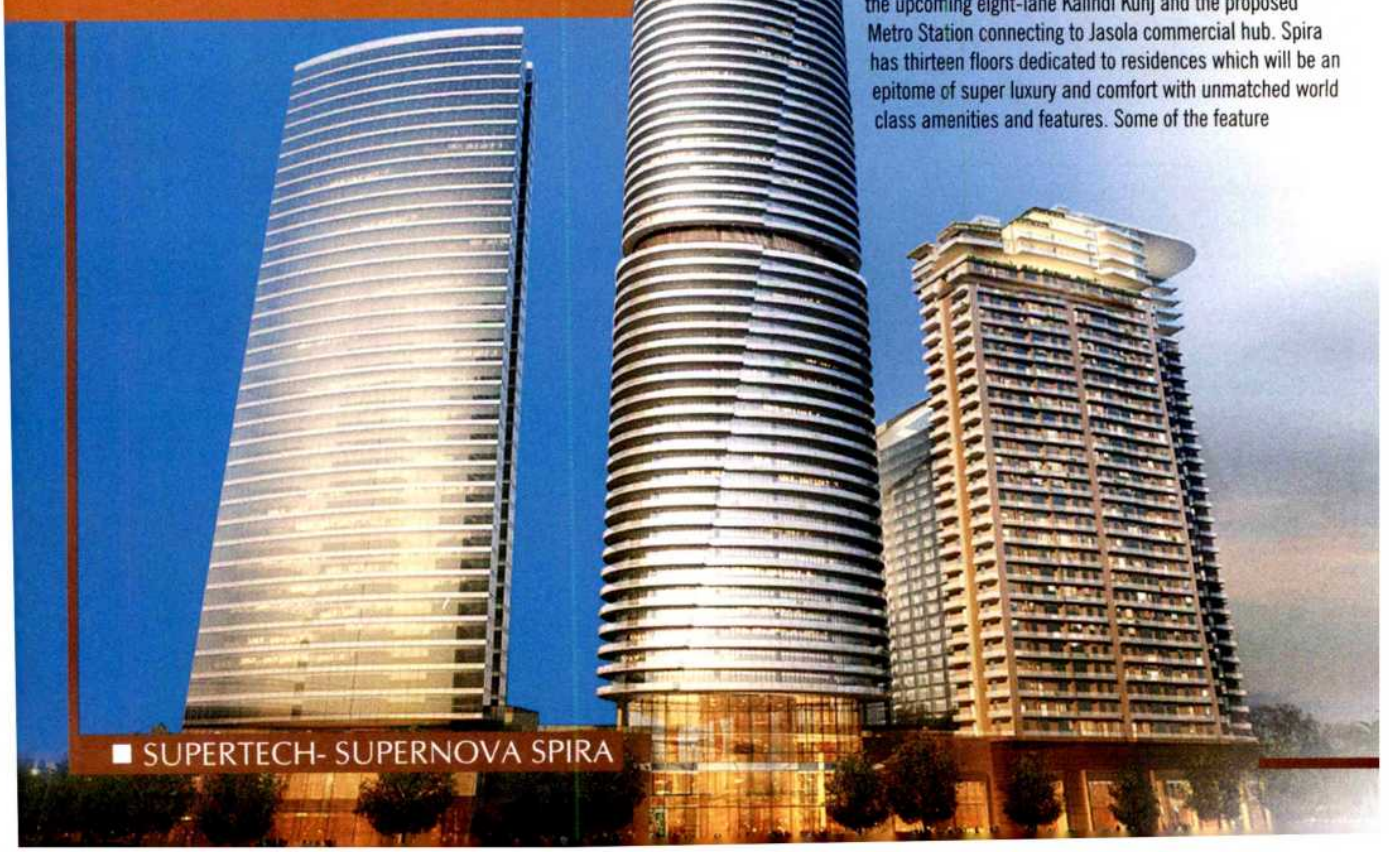
BASKING IN LUXURY

A home is like a nest where one comes to no matter how hard or trying the day has been. Therefore there should be no compromises made on coming back to the best comforts and safety.

> There is no money without hard work and there is no reward without spending some money on it. Today, Indians have a higher disposable income than they did ten years back and for all that hard work that goes into winning the daily bread; it is but a imperative to keep the moods and senses feeling good. To feel good, it is important that one comes back to an environment that is soothing and helps one to de-stress after a hard day's work.

Imagine coming back to sprawling lawns or a terrace garden, listening to some soothing music in your speaker fitted bathroom as you sink in to a hot tub and forget your worries. Sounds like pampering doesn't it? And for all the hard word you do to make all that money- you deserve to be pampered. Here is the world of luxury living with its spoilt-to-death options to make coming back home a thing to look forward to. So if you have the money to get yourself that ultimate luxurious nest, you are probably reading the right article.

Luxury is in very high demand and why not? Who wouldn't want to come back to a fabulous home? There are many high end and trustworthy luxury builders who provide dream houses for those that wish to live in the lap of luxury. One of such builders is Supertech Limited – a real estate developer based in Delhi's National Capital Region which has launched Spira Residences, the ultra-luxurious apartments in Noida, Uttar Pradesh. These apartments are a part of India's Tallest mixed use development, Spira-which stands at a height of 300 metres and has eighty floors. This iconic tower comprises of ultra modern high-end luxurious residences, suites, serviced apartments, a 5-star hotel, premium and luxury malls, futuristic offices and ultra luxurious condos topped off by a world class restaurant and bar. The tower also has a Helipad, an Observatory deck, an Exclusive club house, and a panoramic view of the bird sanctuary. The project is located on the banks of meandering Yamuna and strategically located that connects to the Noida Expressway, the upcoming eight-lane Kalindi Kunj and the proposed Metro Station connecting to Jasola commercial hub. Spira has thirteen floors dedicated to residences which will be an epitome of super luxury and comfort with unmatched world class amenities and features. Some of the feature



■ SUPERTECH- SUPERNOVA SPIRA

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includes; home automation, integrated entertainment system, high end finishes, huge balcony space and temperature control. The residences also provide ultra fine taste of living with Seimatic kitchen, Interlubke wardrobe, Grohe & Dunavit fittings and above all an iconic address to flaunt urban lifestyle. Spira Residences are fully furnished vaastu friendly apartments spanning over an area of 3,200 sq. ft. to 4,000 sq. ft., designed to ensure maximum utilization of the usable area. These high end premium residences are priced between Rs. 5 crores to 7 crores.

There are many times when it becomes difficult to describe beauty with mere strings of words, instead you have to simply experience it. Well, such an experience awaits you at 'Exquisite' by Unitech. Situated amongst the myriad shades of sector 117 Noida, 'Exquisite' perfectly matches your lifestyle statement. It is very well connected to FNG (Faridabad- Noida-Ghaziabad) and its close proximity to commercial hub of sector 18 and residential developments makes it a desirable place to live. The nearest metro station in sector 32 is just four kms away, giving you an easy access to the entire NCR. Premium healthcare centres and renowned schools are all within the vicinity.

Apart from excellent location, Exquisite by Unitech gives you the feeling of tasteful living with luxurious amenities. Don't worry about recreation as the world class club house named Jasper, houses a unisex gymnasium, steam and sauna rooms, multipurpose hall for yoga, aerobics and table tennis areas. If you like to let your hair down and party then you can shake a leg at the party lawn with barbeque counter and outdoor music. While you splash in to the swimming pool to ward off the summer heat while you can let your kids also have fun at the kid's splash pool. If you prefer staying indoors then you can opt for a pool table, air hockey or play cards or else read a book in the library.

Safety comes first at Exquisite and the residences are provided with video door phone with smart card access to lift lobby and basements, audio communication from guard unit to each apartment, automatic boom barriers at main entrance and exit, CCTV surveillance of complex periphery and tower entrance ensures you a secured living. You are never out of touch with the world with wireless internet connectivity at all times. The fire alarm system installed alerts you of any kind of calamities. Unitech is always committed towards the environment and hence in Exquisite it has amenities which make the environment a better place to live. With sewage treatment, rain water harvesting, solar energy for limited areas, you live and breathe in a pollution free environment. Now you can leave behind the worries about frequent power failure behind as now you can have 24x7 power back-up.

A luxurious home is not a mere product of luxury alone, it is an all comprehensive package which offers its owners an experience more than just a residence. With features that can range from a custom made house to the latest in technology when it comes to fittings and infrastructure to child safety and community clubs- getting a luxury home is also a fantastic lifetime investment. Luxury is an amalgamation of opulence, style and comfort. Every one dreams of owning a house that possesses these attributes and enjoy a high living. The concept of luxury homes is seeing a growth especially in metros because of people's exposure to modern facilities during their overseas travels and the purchasing power which has made them afford luxury.

A luxurious home is not a mere product of luxury alone, it is an all comprehensive package which offers its owners an experience more than just a residence. With features that can range from a custom made house to the latest in technology when it comes to fittings and infrastructure to child safety and community clubs- getting a luxury home is also a fantastic lifetime investment.

LAST BUT NOT LEAST

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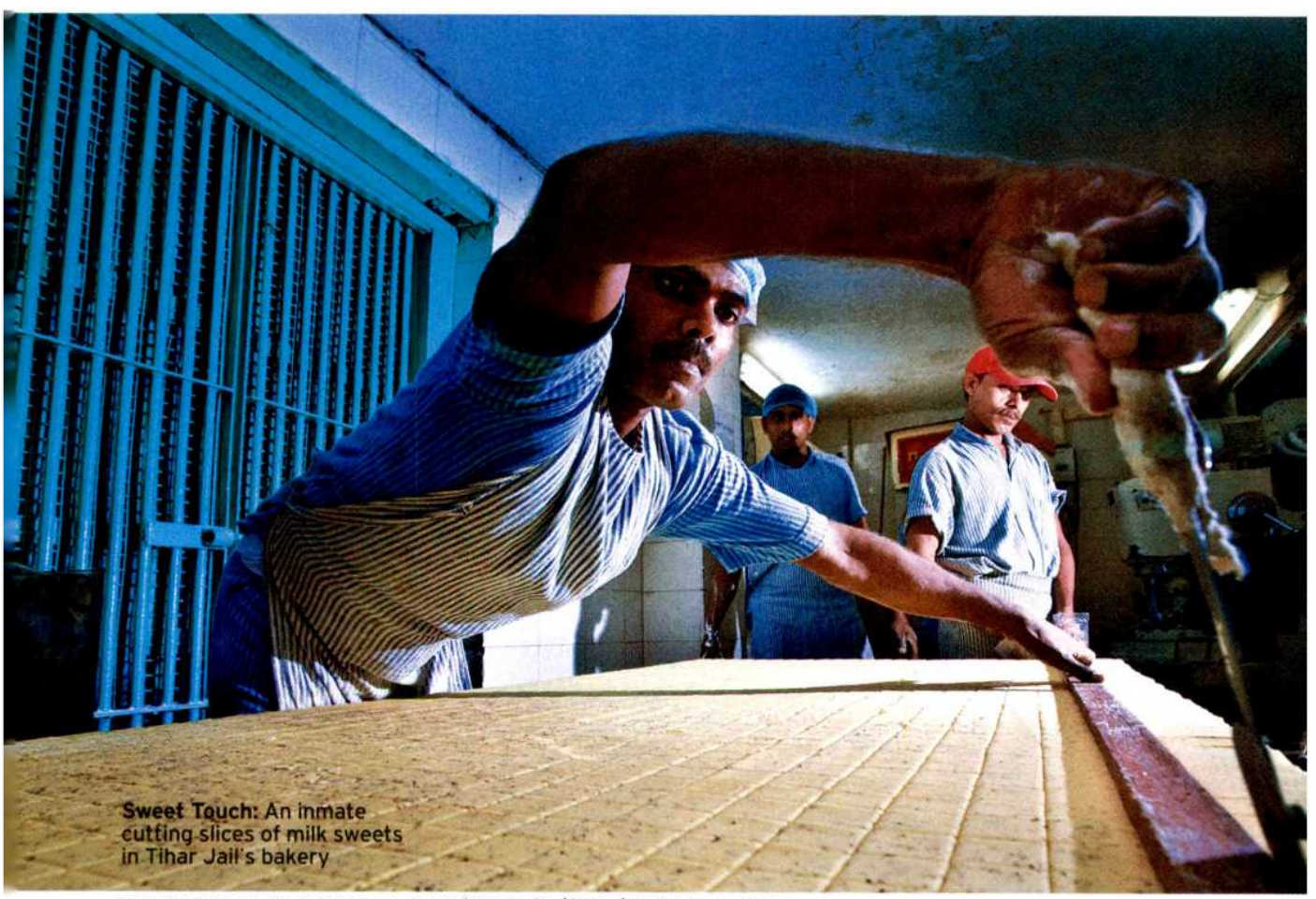
JAILHOUSE STOCK

TJ's, the multi-product brand from Tihar Jail, is going places, says MANASI MITHEL



Sweet Touch: An inmate cutting slices of milk sweets in Tihar Jail's bakery

PHOTOGRAPHS BY SHEKHAR GHOSH/www.indiatodayimages.com

Weaving Dreams: (left) Prisoners work on a power loom in the jail's weaving unit. (right) Nirmal Singh, a mechanic, has been repairing looms in the prison for many years

It started out in 1995 as a venture to multiply loaves of bread and feed the multitude in Tihar Jail. With convicts at the vanguard. And it succeeded handsomely – no mean feat considering there were more than 9,000 inmates in the jail at the time (today there are over 12,000). That enterprise has evolved into a brand that more and more Delhiites are getting to know. TJ's – the label has been derived from the jail's name – is a brand with a diverse product portfolio. The mix includes everything from bread, apparel, furniture and mustard oil to paper products, soaps, blankets and disinfectants. And it is now looking to hit the big time through tie-ups with mainstream retail stores.

"In 2006, brand TJ's was earning a turnover of ₹2 crore. Last year that had increased to ₹18 crore," says Pradeep Sharma Deputy Superintendent of Jail No. 2, which houses many of the prison's production units. He hopes to take the turnover up to ₹20 crore this year.

Initially, the TJ's products were sold to prison inmates and their visitors, who could buy them at a store just outside the jail. Soon they began to appear in stalls located in court premises around Delhi. In all, Tihar Jail has 16 such stalls around Delhi. In addition, TJ's supplies its products to government offices, educational institutions and even Parliament House, among other institutions. It is even sold through local *kirana* (grocery) shops.

Since last year, the products have also been sold through a small, rent-free kiosk in the upscale Select Citywalk mall, in South Delhi. "They have sales of around ₹25,000 a day, which is a small start, but not bad," says Arjun Sharma, director at the mall. The products also feature in the mall's monthly bazaars.

But by far the biggest breakthrough into mainstream retail came when the Jail tied up with retail chains Reliance Fresh and Vishal Mega Mart recently. "With this we are taking TJ's to a higher class of shoppers," says Sunil Kumar Gupta, Law Officer (Jails) Delhi Prisons, who handles public relations.

Reliance, which tied up with the jail in July, has already received three consignments of TJ's food products. According to the store manager of the Reliance Fresh store in Delhi's Zamrudpur locality, the response to the brand has been good, especially for its *masala* chips. "Whatever has come has been sold."

Vishal Mega Mart got its first consignment of goods, including soaps, cookies and housekeeping products, last month. "We give them (retailers) a 15 per cent discount on the total price of an order," says Gupta. The food products are about 25 per cent cheaper than the popular Haldiram's brand, he adds.

TJ's even has its own website, detailing the enterprise's activities, products and store locations. For a while, the brand was promoted over local radio stations. "We were giving 30-second spots on Big FM and Radio City for two months last year," says Gupta.

Well-known police officer Kiran Bedi (now retired) was the brain behind the bakery that started it all in 1995, when she was in charge of the jail. Ajay Aggarwal, who was director general of the jail between 1999 and 2004, took the initiative further and launched the TJ's brand, selling *namkeen* (snacks). "Every successor has added more products," says Bedi. She believes that as

Slide show at businesstoday.in/tihar

STEADY GROWTH

Annual turnover	Exclusive stalls	Average monthly wage
₹18 crore	16	₹2,000

long as the products are of good quality, they will sell well.

The jail's various units are managed by the prisoners themselves with technical experts guiding them. Wages are paid at rates decided by the Delhi government. While unskilled workers earn around ₹70 in a day, skilled ones get ₹99. Twenty-five per cent of this amount goes to a fund to compensate crime victims and their families. Female convicts, housed in Jail No. 6 make candles, pickles and mehndi, and also run a beauty parlour.

The money earned is used to pay prisoner wages and buy raw material, among other things. Only convicts are allowed to participate in this non-profit initiative (undertrials are barred). With 3,207 of them, Tihar Jail does not face a labour shortage. Currently, 900 are involved with the programme.

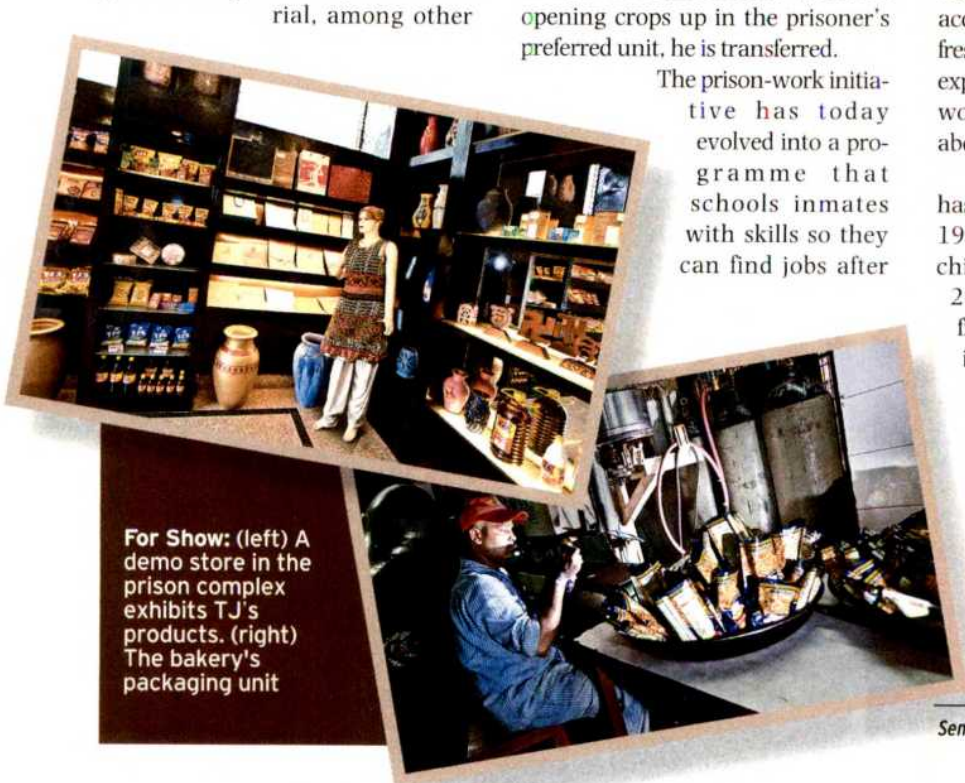
In addition to his duties as deputy superintendent, Sharma also doubles up as the CEO of the units in Jail No. 2, which includes the bakery, carpentry and textiles units. When prisoners are first transferred to the jail, he interviews them, digging out details about their work experience, interests, and job preference. Initially, a prisoner is placed in a unit based on immediate manpower requirements. When an opening crops up in the prisoner's preferred unit, he is transferred.

The prison-work initiative has today evolved into a programme that schools inmates with skills so they can find jobs after leaving prison. When needed, prisoners are even allowed to work overtime and paid extra wages. "If they do double the work in eight hours I pay them double," says Sharma.

Ajay Singh is one of the workers behind the TJ's brand. The convict, who has been incarcerated in Delhi's Tihar Jail for nearly 14 years, is a valued employee in the bakery. His day begins at 7.30 am and ends at 5 pm. And over those hours he does everything from kneading dough and frying *namkeen* to baking biscuits and packing the day's products. Singh, whose parole hearing will come up next year, is hoping the skills he has acquired will enable him to make a fresh start with a confectionery. "This experience will help me in the outside world," he insists. In jail, he earns about ₹3,500 a month.

Over the years, the programme has expanded. "When I came here in 1999, there used to be just four machines and now there are around 20," says Nirmal Singh, 55, who fixes power looms. Before he was imprisoned, Singh worked as a bus and truck mechanic in Delhi's Azadpur Mandi locality.

Day by day, TJ's is becoming more popular. Some day, if Asia's largest jail can ramp up production and widen its distribution to target more consumers, it could even become an irritant for mainstream companies. ◆



For Show: (left) A demo store in the prison complex exhibits TJ's products. (right) The bakery's packaging unit

Send your comments to editor.bt@intoday.com

NANDAGOPAL RAJAN

Genius Box

The new 'smart televisions' have all the features of tablet computers

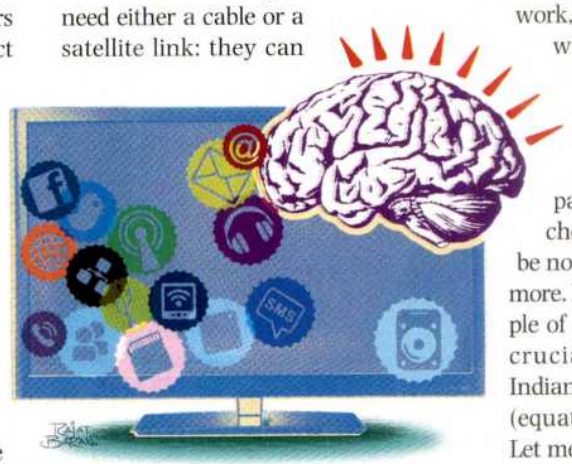
Have you ever felt that the new smart televisions were no less than extra large tablet computers? Every time I use apps on a smart TV or read about the specs on a new model, I cannot help but make the comparison.

Take a look at what the smart – or connected – TV has behind the screen. It comes with a processor (some processors are even dual-core), Internet connectivity, apps (and access to stores to download more of them), as well as the capacity to play any media content without external help. It allows video chats, lets users check and send e-mail, and connect to all the social networks.

That is pretty much everything you are likely to buy a tablet for. The only difference is that we are talking about a TV that is 32 inches wide or more, not a handy computing device with a maximum screen size of 10 inches. Of course, there is no touch screen on the former, at least not yet.

The new breed of TVs pretty much kills the idiot box cliché. One look at their capabilities and no one would dare use that epithet. But the transformation has not been sudden. In fact, the industry's 'My Fair Lady' moment occurred a few years ago when, faced with a near-complete saturation of the market, TV makers began to improvise. They realised they needed to give something extra to get viewers to junk their old TVs – the ones they had been using faithfully from the time *Malgudi Days* was a weekly ritual and not a YouTube sensation – and buy new ones. Providing a flat panel was not enough, they discovered.

So TVs began by enabling video formats to be played directly using a universal serial bus (USB) port, thereby making DVDs and media players redundant. Then, inspired by the smartphones and tablets, they went big on connectivity. After local area network ports and wireless Internet, came new technologies like Digital Living Network Alliance and MHL (mobile high-definition link) to stream content from other devices. It was only a matter of time before they started sporting Android and Windows operating systems. Now, TVs are smart enough not to need either a cable or a satellite link: they can play videos directly from YouTube, provided they are connected to high-speed broadband. The transformation is complete.



With so much to do with a TV, the old remote too had to go. So while some manufacturers experimented with touch-based and air remotes that worked like the computer mouse, others decided to go *au naturel*. This led to the advent of voice and motion as a means of controlling the TV. So that bewildering sight of your friend waving to the characters in a Hindi soap was not him trying to woo the demure heroine, but a desperate attempt to change the channel. Thanks to these 'natural controls', TV viewing is no longer lean back and enjoy, it is more of stand up and wave, shout to be heard and finally reach out for the old remote.

As you might have guessed, these technologies are far from perfect yet. In fact, I realised the smart features work better if more than one is used at a time – such as using hand movements to reach the search page and then uttering the keyword you want to look up. But that is a bit too much work, especially in front of the TV where even maintaining an upright position can be cumbersome. I prefer the old remote any day.

And as should be apparent, smart does not come cheap. Indeed, there seems to be no concept of a cheap TV any more. It is a good thing that a couple of decades back TVs played a crucial role in familiarising Indians with the concept of EMIs (equated monthly instalments). Let me put it this way: if you can afford to buy a large smart TV with a down payment, you have obviously pretty much made it in life.

The pressure of bringing home the latest in technology can be quite intimidating. The sight of fathers breaking into a cold sweat as their children, having accompanied them to the TV showroom, insist on a 55-inch screen, is becoming all too common. There is a silver lining, though: get a smart TV and you can sell your computer, music system and DVD player. The TV will suffice. ◆

The writer is Associate Editor, Gadgets & Gizmos

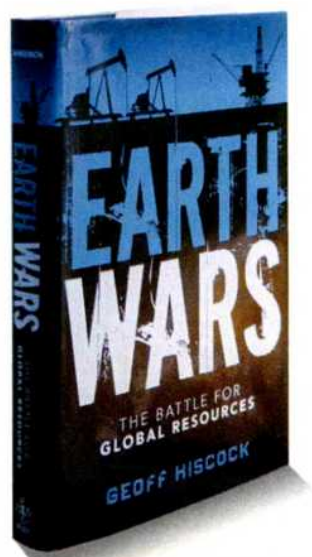
High Stakes

China is way ahead of India in the race to secure its supplies globally, says this book

When the South Korean men's football team defeated Japan 2-0 to clinch the bronze medal at the recently held London Olympics, only 17 of its 18 players received medals. Park Jong-soo, a midfielder, was barred from the medal ceremony after he held up a sign saying 'Dokdo is our territory' while celebrating his team's success. Dokdo – the Japanese call it Takeshima – is a set of islands rich in marine resources and natural gas deposits, over which both South Korea and Japan claim sovereignty. Around the same time, South Korea's President Lee Myung-bak chose to visit the islands, infuriating Japan further. It promptly withdrew its ambassador from Seoul as a mark of protest.

Fights over territories which are particularly resource-rich are not new, but lately their frequency and the damage they cause to bilateral relationships is acquiring dangerous proportions. This book, by Australian journalist Geoff Hiscock, is a timely one that looks at them closely. With much of the action happening in Asia – where China and India, the two major economic powers with a combined population of 2.5 billion, are at the forefront – Hiscock has leveraged his 30 years of reporting in the region to stitch together a well-researched tale cutting across geographies.

From Mount Weld in the West Australian outback, where the battle is on for access to rare earths – minerals critical for making batteries – to the Andean Plateau in South America, which has *salars* (salt pans) rich in lithium, the book's scope is wide. Africa, where the race to secure supplies of copper, oil, coal and more grows ever more intense, is looked at closely.



Earth Wars: The Battle for Global Resources
By Geoff Hiscock
Wiley
Pages: 286; Price: ₹595

To map geographical flashpoints, the book examines many economies, developed and emerging – their growth patterns as well as their future needs. China's plan to tap hydropower by building a massive dam across the Yarlung Zangbo river that could generate 40,000 MW, for instance, has alarmed India. Yarlung Zangbo flows into India as the Brahmaputra. Similar water disputes are many on all continents.

Hiscock notes that China is way ahead of other countries in securing its future supplies. He says China's 'going out' policy has seen it allocate almost a third of its $3 trillion-plus forex reserves on foreign shores to help its state-owned companies. He refers to the controversial 'deal of the century' China signed with the Democratic Republic of Congo, by which China has promised to invest $6 billion in the poverty-stricken country to build roads, railways, hospitals, schools and universities in return for a 68 per cent share of copper and cobalt mined in Congo's Katanga region.

What the book shows is not just the scale of China's hunger to secure supplies but also India's lack of foresight in achieving the same. While some efforts have been made in this direction by both state-owned and private companies, it falls well short of India's future needs. For instance, India has invested $12.5 billion in oil and gas deals since 2002 while China has put in $70 billion.

What is truly worrying is one of Hiscock's observations: "... When India goes looking for offshore energy projects, often it finds itself in competition with China. But India's foreign exchange reserves are only $300 billion, compared to more than $3 trillion for China. Money talks and the loser walks." ◆

N. MADHAVAN

What the book shows is not just the scale of China's hunger to secure supplies but also India's lack of foresight in achieving the same

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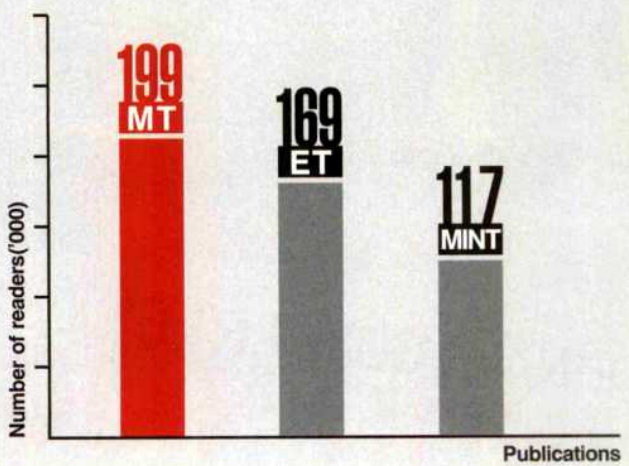

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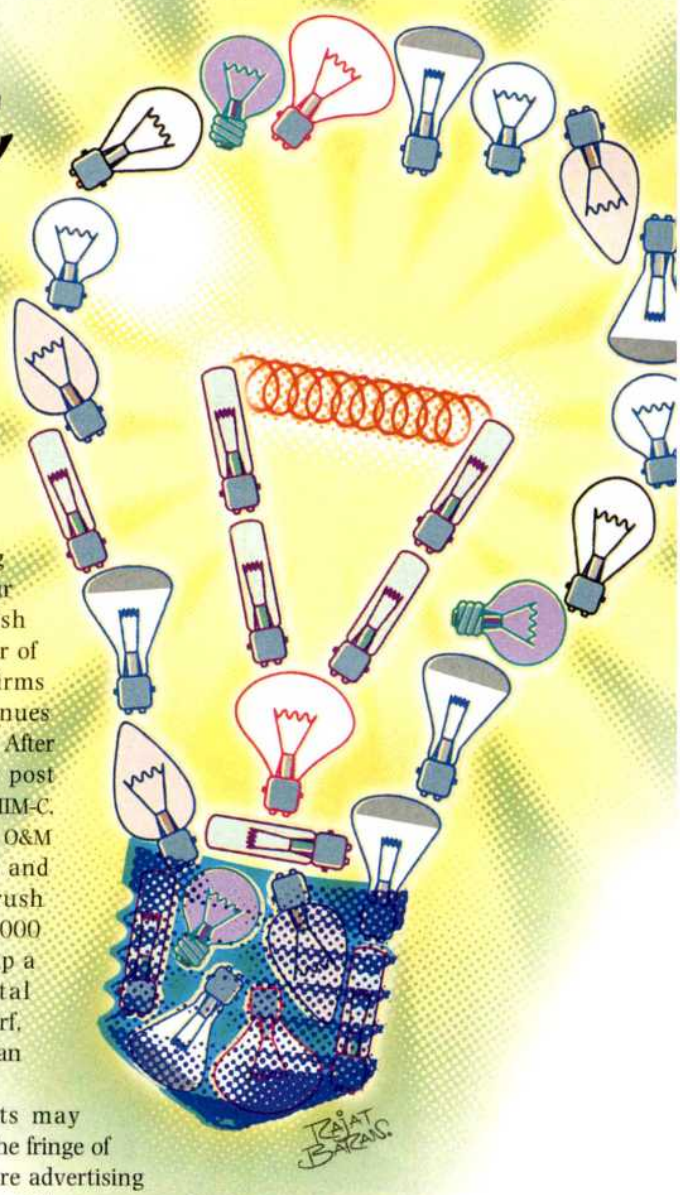
Bigger, Better, Faster

Global acquisitions are adding might to opportunities in digital communications, says Shamni Pande



Most headhunters would aver that good careers often belong to people who have taken daring calls at the right time. Given that, it makes sense to analyse developments in the digital media segment lately. Publicis Groupe, the French communications and media agency multinational, acquired Resultrix, an Indian performance marketing agency with a global footprint. UK-based Aegis Media snapped up Communicate 2. Integrated communication agency JWT has taken a majority stake in Hungama Digital and buzz is that Interpublic Group is closing in on Interactive Avenues.

The last five years have, in fact, been peppered with instances of large advertising and media networks acquiring independent digital companies, the most significant being WPP's acquisition of Quasar in 2007.

"With the growth that digital media has seen, big advertising networks are hungry for inorganic growth and we are likely to witness many such developments in this category," says Dev Raman, Managing Partner at Lastaki, a boutique investment banking firm which was behind the acquisition of Indigo Consulting by Leo Burnett India and Communicate 2.

So, what should one make of these developments from a career perspective? "Career in digital media is a space that is now being likened to having 'emerging markets' on your CV," says Ratish Nair, Co-founder of digital media firms Interactive Avenues and Ad Magnet. After completing his post graduation from IIM-C, he worked with O&M and Euro RSCG and got his first brush with destiny in 2000 when he took up a job with digital agency Mediaturf, before becoming an entrepreneur.

These efforts may appear to be at the fringe of the ₹25,594-crore advertising industry, given that it has revenues of just ₹2,851 crore. But the real news is that this is unleashing the biggest tiger on the prowl, with growth rates of over 50 per cent.

According to a recent report by Internet and Mobile Association of India (IAMAI) and research firm IMRB, digital spending is expected to touch ₹4,391 crore in 2012/13. The growth is attributed primarily to the sustained rise in mobile and Internet user penetration in India.

And it is not as if this segment is full of aliens. "Most people who have done well in the space are ones who have worked in traditional media," says Purvi Sheth, CEO, Shilputsi Consultants, an executive search firm that has also been involved with many pre and post acquisition talent transition in the digital media space.

However, the key, according to Sheth, for people who are making a transition from an independent set up to a larger communication group is their adjustment to, perhaps, working in a 'silo'. "In an outfit driven by entrepreneurial steak that is dominated by the drive of founders, people mostly find recognition in doing all kinds of

roles," says Sheth. This could be different in a larger group, where roles could be more structured.

However, the flip side of this could be the reward where the organisation recognises this initiative and allows people to incubate and nurture similar other businesses.

For inspiration, consider the career trajectory of Tushar Vyas, Managing Partner at GroupM, who heads the entire digital media mandate for WPP Group in South Asia. After his engineering degree and postgraduate diploma in Management Communications from Mudra Institute of Communications, Ahmedabad (MICA), Vyas, 37, began his career as a media planner with Fulcrum in 1998. He then transitioned to the digital unit for MindShare in 2001: "I was interested in the space and soon was heading the segment," he says. He has over 200 people, including the Quasar team, reporting to him.

Typically, digital media has been driven by those who have the entrepreneurial streak and are led by their interest: "Most big companies that are acquiring are doing so largely for the brand and equity that independent units have built over time but also, especially, for the people who have knowledge of the space," says Lastaki's Raman.

In any case, most of these acquisitions have been driven by the ability of people to actually develop business. "There is a latent need among larger agencies to find people who not only understand the digital needs of clients, but are able to generate more such demand," points out Raman. The independent agencies, on the other hand, seek partnerships with traditional communication networks as they are already central to any marketing conversation with the client.

Ashish Bhasin
Chairman, India, and CEO, South East Asia, Aegis Media

"Larger networks have the ability to provide opportunities and we know how much the marketers want digital to be part of any marketing activity"

What to Expect

SENIOR-LEVEL
25-50

MID-LEVEL
15-25

JUNIOR-LEVEL
6-10

Figures are salary ranges in ₹ lakh/annum
Source: Industry estimates

The large agency network bosses are clear about the objective as well. "The whole idea is to nurture the ecosystem and actually get the winning team on board that has made a difference in the space," says Ashish Bhasin, Chairman, India, and CEO, South East Asia, Aegis Media. Digital is the sweetspot for the advertising industry and according to Bhasin almost everything is part of the digital space.

Whichever way one looks at the news, the implications are good. "Larger networks have the ability to provide opportunities and we know how much the marketers want digital to be part of any marketing activity," says Bhasin.

At any rate, a stint with digital media helps any aspiring marketing professional today: "It is embarrassing if you do not understand some of the basic language and its implications that is growing around the space," offers Ad Magnet's Nair.

While the understanding of this industry is still growing, so is the demand for professionals. The industry is looking for people who are interested and are open to roles involving client interface – pretty much like client servicing and also acquiring business. "It is not that radically different, just a new segment that is constantly changing and demands that you change and respond to people who post their reactions and needs instantly," says Nair. He should know, he has been there and done that. And the bottom line is that this is one area where, clearly, the demand for people exceeds supply. ◆

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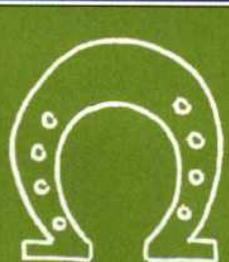

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Location: Pune
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Oracle India Pvt Ltd
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Job ID: 10746950
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Raghuram Rajan
Chief Economic Advisor

With his prescient thoughts and willingness to swim against the tide, **RAGHURAM RAJAN**, professor at the University of Chicago Booth School of Business, is soon expected to take on the role of India's Chief Economic Advisor.

Candour, missing these days in the corridors of power, is his trademark. In 2005, Rajan pointed out structural fault lines in the US financial system at a conference to celebrate Alan Greenspan's innings as the head of the country's central bank, the Federal Reserve. Rajan's speech did not go down well with the Americans, but was well received by the Europeans. The incident highlights a striking feature of his personality – the ability to be candid even if it carries the risk of being a party pooper.

Rajan's stature as an economist came to the attention of a wider audience when he was awarded the inaugural Fisher Black Prize in January 2003 by the American Finance Association. The prize is given to a person under 40 who has contributed most to theory and practice in finance. He was also chief economist at International Monetary Fund (IMF) between 2003 and 2006.

Rajan's career graph does not surprise people who studied with him at IIT Delhi (1985 batch) and IIM Ahmedabad (1987 batch). A batchmate from Ahmedabad says: "I can't remember one single darn thing at which he was only average." It was not just in academics that he shone; Rajan was a top-notch quizzer and more than a handful on the cricket field and tennis court, the batchmate adds.

Rajan is an old hand when it comes to a deeper understanding of India's financial problems. He has been an honorary economic advisor to Prime Minister Manmohan Singh for nearly four years. He also wrote a report on easy-to-do reforms in the financial sector for the government in 2008, which was largely ignored.

This begs the question: why join a politically hamstrung government that might not be able to act on his suggestions? It may not be just frustration that Rajan has to contend with. He would also have to forego financial benefits from being an advisor to Moody's and BDT Capital. The latter have the potential to contribute between 10 and 20 per cent of his annual income in 2012, he disclosed on his university web page.

Rajan may have ideal credentials as an advisor, but the circumstances are far from promising. There was no confirmation of his appointment at the time of going to press, but in response to an e-mail, he responded with typical candour: "I have told people from the press that I cannot talk until I learn more about ground realities and issues."

SANJIV SHANKARAN

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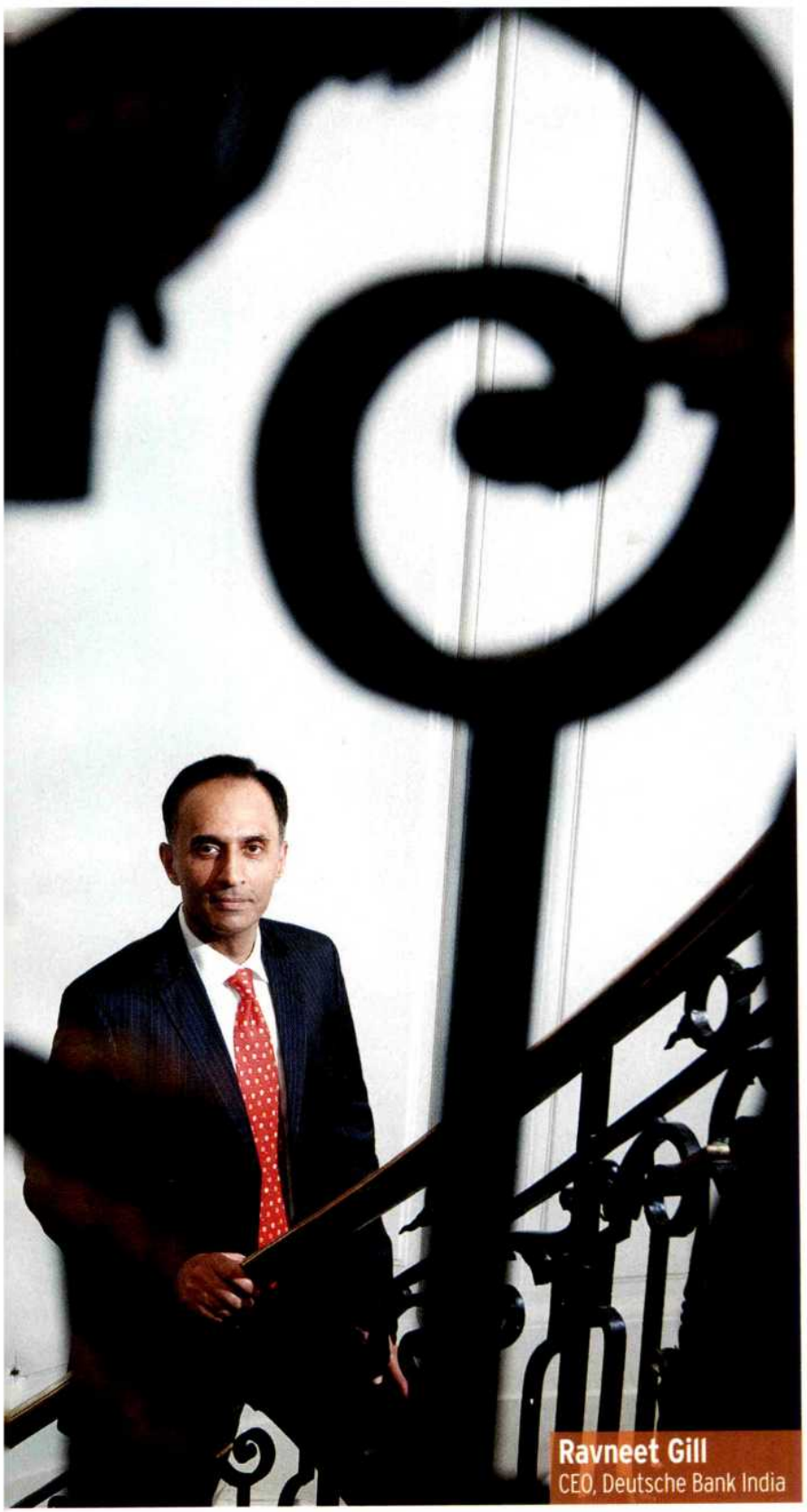

Ravneet Gill
CEO, Deutsche Bank India

On Front Foot

As the new head of Deutsche Bank India, **RAVNEET GILL** does not have a tailor-made task. The tough operating environment, compounded by a flat stock market and slowing capital expenditure in the corporate sector, is a worrying prospect for him. "There are opportunities in transaction banking, specifically in trade finance," says Gill, who replaced the high-profile Gunit Chadha, in his first interview after taking charge. In more than two decades with the German bank, Gill has mastered the art of expanding the client base. "We are looking to invest in every single business segment in India," says Gill, who holds a Masters degree from Delhi University. On the broader issues confronting the country, Gill, an art collector and a cricket enthusiast, sympathises with the government, which is facing all kinds of challenges. He may have to adjust to some compromises on the banking field, too. About playing cricket, Gill says with a grin: "I wish it was more often."

ANAND ADHIKARI

VIVAN MEHRA/www.indiatodayimages.com

Karl Slym
MD, Tata Motors

Slym Fit

KARL SLYM will take charge of Tata Motors from October, replacing P.M. Telang. He will be the first Managing Director at the company in a long time who will not have Ratan Tata's shadow looming over him. Tata has been Chairman of Tata Motors (formerly Telco) since 1988, and continued to take a personal interest in the company even after he became group chairman in 1991. During the development of the Nano, Tata would make it a point to test-drive prototypes at Pune every month. Slym, who headed General Motors in India for four years before moving to GM China, will not handle Jaguar Land Rover, but the rest of the Tata Motors businesses, in India and overseas, will report to him.

SUMAN LAYAK

Claus Heckerott
MD (Market India), Adidas Group

SHEKHAR GHOSH/www.indiatodayimages.com

It's All About Work

Few know that **CLAUS HECKEROTT**, who is busy dealing with Indian authorities on the ₹870-crore commercial irregularities at Reebok operations, was among the first to spot the discrepancy. Back then, he was the commercial finance head for the sales subsidiaries of the Adidas Group, which owns the Reebok brand. But it is not as if he's always been bound by the straight and narrow view of accounts. "I started my career with PwC, but I shifted to NEC in Munich and then quit and joined Mark Anthony Group, one of the largest wine distributors in Vancouver that's also behind the Mike's Hard Lemonade brand," he says. Fondness for Germany brought him back: "I sobered up and took the offer from Adidas as it also matched my desire to go back," he says. Though he has been to India twice before, this time it's all work. "I do not have the time to go around," he says. As Managing Director (Market India), Adidas Group, Heckerott is now in the midst of offering a golden handshake to at least 200 employees here and is also restructuring the business for better efficiency.

SHAMNI PANDE

Pfizer India's New Face

At a time when global pharma majors are keen on strengthening their presence in emerging markets, including India, **AIJAZ TOBACCOWALLA**, 45, with vast experience acquired in the US, Europe and Asia, has returned to his home town, Mumbai. On August 16, he took over as the new Managing Director of Pfizer India. Tobaccowalla, an avid golfer, is regarded in the company as a business strategist who has designed solutions and delivered consistent results globally in several areas, including business intelligence, sales force automation, and R&D systems, among other things.

E. KUMAR SHARMA

Aijaz Tobaccowalla
MD, Pfizer India

RACHNA AGGARWAL

CEO, Indus League Clothing Ltd

My leadership style

- ☐ Delegative
- ☑ Participative
- ☐ Authoritative
- ☐ All of the above

The political leader I admire the most
Not really sure

The business leader I admire the most
Ratan Tata

The leadership lesson I remember best
One cannot create unless one also destroys

A book I would recommend on leadership
Blink: The Power of Thinking Without Thinking by Malcolm Gladwell

The difference between a manager and a leader
A leader dreams while a manager executes

All good managers are good leaders
Definitely not

As told to K.R. Balasubramanyam

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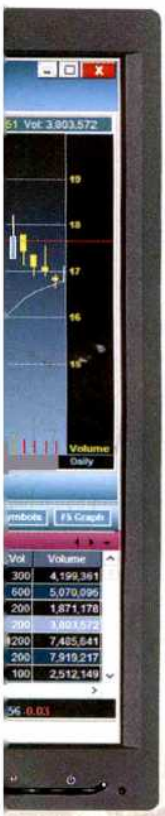

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From the Editor

Our Prime Minister can seem like an accidental politician. Speaking publicly, he comes across as earnestly wooden, and when he addressed the nation on September 21, the eve of the autumnal equinox, you often felt the teleprompter was scrolling up faster than Manmohan Singh could enunciate. But speak he did, and many of us listened. A nation's leader speaks directly to its people in times of crisis. Does 5.5 per cent growth in gross domestic product qualify as a crisis? Not yet, if you think of how much enterprise and economic activity is taking place despite political hubris and administrative ennui – and at *Business Today* we persevere in bringing that indomitable India to you. But when you think of the turbo-charged high growth years between 2003 and 2008, you have to wonder if we Indians have a special talent for shooting ourselves in our feet. If pent-up momentum were anything to go by, India's economy ought to have been buzzing along effortlessly at high single digits or even double digits after it was cut loose from the ball and chain of heavy control 21 years ago. Things did not happen that way, of course, which is why we are staring down the barrel of a credit-rating downgrade, foreign investors say India is one of the most difficult places on the planet to do business in, and the I is about to fall out of BRIC. So when Dr Singh said "Money does not grow on trees" and defended the (very modest) trimming of subsidies on diesel and cooking gas and the (very timid) loosening of foreign-investment rules in retail and aviation, I asked myself: how many men have the opportunity to reshape the wallets of one-fifth of humanity not once, but twice, in two decades? What better way to measure where we have travelled than to reread Manmohan's "There is no time to lose" speech of July 24, 1991?

"The origins of the problem are directly traceable to large and persistent macroeconomic imbalances and the low productivity of investment, in particular the poor rates of return on past investments," he told Parliament that day. "There has been an unsustainable increase in Government expenditure. Budgetary subsidies, with questionable social and economic impact, have been allowed to grow to an alarming extent." Ring a bell?

We held this issue of *BT* open extraordinarily long to take in all the drama of that week, and Senior Editor Sanjiv Shankaran led a team of five writers to cut through the thickets of political verbosity and make economic sense of what happened – and more importantly, what still so badly needs to happen – starting on page 50. Make no mistake –what we have is window-dressing. The shelves are still very poorly stocked.

This special issue of the magazine also showcases one of our annual signature events – the Most Powerful Women in Indian Business awards. For nine years now, *BT* has paid tribute to the best and brightest of women leaders in corporate boardrooms – and we dare say, discovered many new stars in this firmament. Last year, we launched our MPW Hall of Fame with six first movers. This year four more consistent honorees step into this elite league – Kalpana Morparia, Preetha Reddy, Zia Mody and Shobhana Bhartia. The four of them tell us in their own words what their breakthrough moments were. In addition, there are 25 A-listers and you can read about all of them starting on page 80.

Anil Agarwal personifies the buccaneering spirit of enterprise, and he has set single-mindedly about his ambition of being one of the world's biggest resource monarchs, extracting bauxite, iron ore, zinc, silver, copper and oil and gas from India and Africa. His Vedanta Resources is the only company with Indian roots on the FTSE-100 index, and his family controls about 57 per cent of the $14-billion empire. His move to create a new umbrella operational company, Sesa Sterlite, has run into flak, and he faces a huge array of environmental, regulatory, and policy hurdles. Senior Editor Suman Layak, who spent months working on the story, and Senior Editor N. Madhavan paint a riveting portrait of the Bihari billionaire starting on page 34.

Chaitanya Kalbag

chaitanya.kalbag@intoday.com
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Vol. 21, No. 21, for the fortnight October 1-14, 2012. Released on October 1, 2012.

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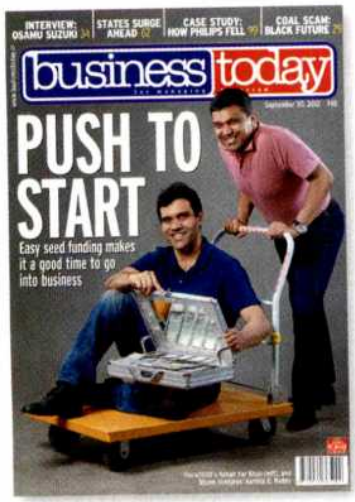

Starting or Stopping?

The cover story (*Push to Start*, September 30) was most interesting. Stray reports on start-ups are often seen in the media, but this consolidated coverage of the great mindset change taking place among seed funds and angel investor firms was most enlightening. But there seemed to be a distinct difference of tone between the cover story and the column that followed it. While your report is gung ho, your columnist says "in the last decade, entrepreneurial activity has *declined*" due to various factors. So what is really happening?

Sudhir Sonalkar, *Mumbai*

Banking Colossus

Your profile of SBI Chairman Pratip Chaudhuri (*The Elephant Trumpets*, September 30) had a befitting headline. Though brief, the write up was great. It is no exaggeration to say that Chaudhuri is indisputably numero uno among banking professionals in India. He has assiduously improved the organisational efficiency of SBI with his innovative and humane approach. He has reduced interest rates, simplified procedures at loan centres, restructured the modalities of repayment, modernised services and looked after employee welfare. It is very rare to find such committed personalities.

B. Rajasekaran, *Bangalore*

Worthy Words

The cover story (*The Best Advice I Ever Got*, September 16) was really an inspiring one. I expect *Business Today* to come up with more such advice, especially from India's top women top corporate leaders. The most interesting aspect of the advice offered was that it stemmed from the life experiences of top CEOs. One piece of advice I found very different from all others was Glenn Saldanha's: "Marry the right person." Not every person is lucky enough to end up marrying the right person. That is life. But the advice deserves applause.

P.K. Kani, *Chennai*

Your issue (September 16) featuring the best advice was absolutely fabulous. Being a banker myself, I always draw inspiration from K.V. Kamath. He is an outstanding Indian banker who could actually perceive in the early 1990s how Indian banking would be 10 years down the line, and quickly put in place mechanisms to cope with the challenges. The way he transformed the erstwhile Industrial Credit and Investment Corporation of India from a development financial institution into a commercial banking entity and a financial superpower house (ICICI Bank) is truly admirable. Congratulations for a great issue.

Srinivasan Umashankar, *Nagpur*

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Government decision to allow FDI in aviation and retail helps shares of companies in these sectors: Return of East India Company

Akhil Bharatiya Udyog Sangh

Ranbir Kapoor's Barfi! collects over ₹30 crore in three days: Too much hype created for this movie... which is not at all worth it

Ashwin Raj

Slowdown fails to impact hiring at B-schools: Students of leading B-schools get good placements in any case.However, the B category B-schools are likely to face pinch.

Dwarapu Mahesh

Vijay Mallya, G.R. Gopinath welcome FDI in aviation sector: FDI might prove a power booster for Kingfisher; let us see how Mr Mallya manages to come out of its cash crisis.

Akshat Kapoor

Coal Sweat

If you find *Soot at Sight* (September 30) the best way to deal with it is to clean it up. Coal India is a failure. As for the scam, as exposed by the CAG report, there is nothing wrong in allotting coal to private parties. But it should be done in a proper way, that is in a transparent manner that benefits the country. We should be able to reap the full benefit of our coal resources to solve our power problem as far as possible.

Jacob Sahayam, *Thiruvananthapuram*

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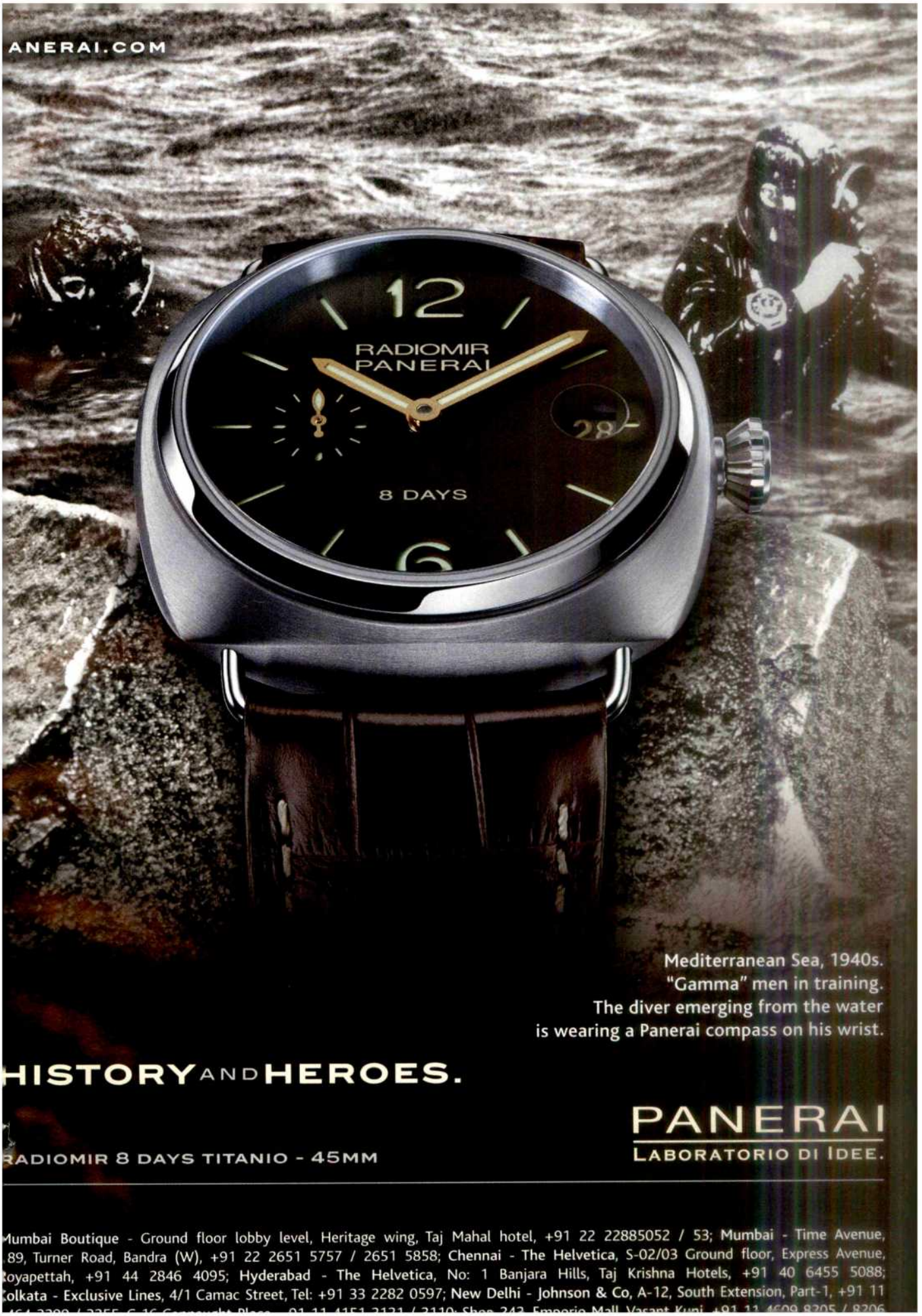
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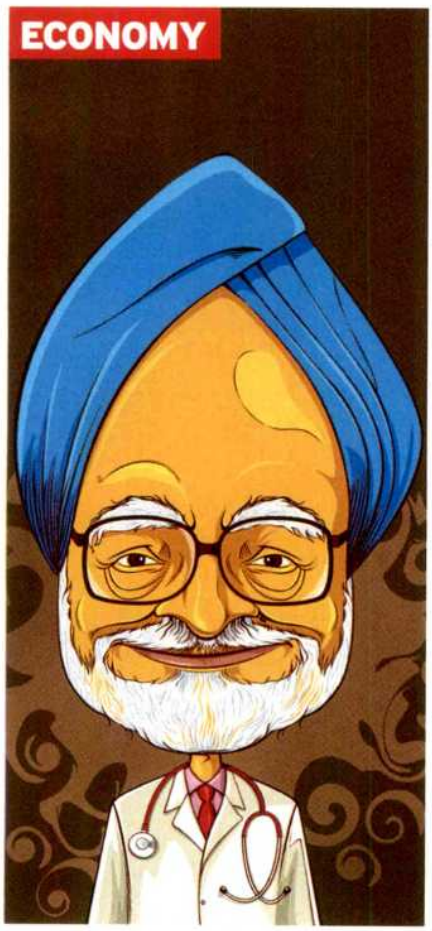
OCTOBER/14/2012
VOLUME 21/NUMBER 21



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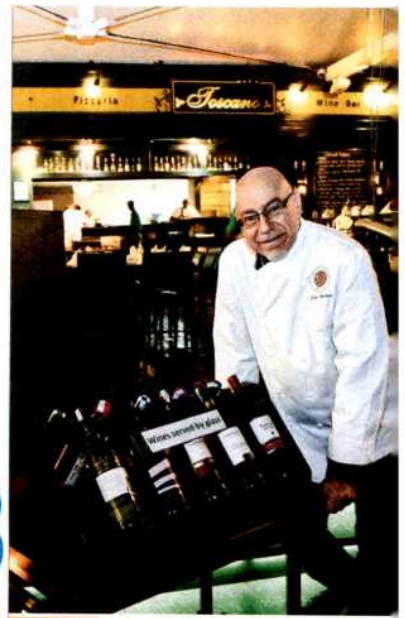

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business today

SMART READER CONTEST

Correct answer to September 16 issue's question:
Indians are flocking to cinema halls like never before. In the past couple of years prices of multiplexes have: (a) Increased 15 to 20 per cent

Winners: S. Purkayastha (Shillong), Areeba Shaaz (Patna), Sharad Kothari (Gurgaon)

Winners were chosen by random selection from 222 correct responses

*Conditions apply

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Investing in God's Own Country: The recent Emerging Kerala 2012 Global Connect conference attracted 45 investment proposals worth over ₹40,000 crore. The list of projects includes Bharat Petroleum Corporation's Kochi refinery expansion, a joint venture project worth ₹18,000 crore, and Volkswagen's engine assembly unit.

Corporate

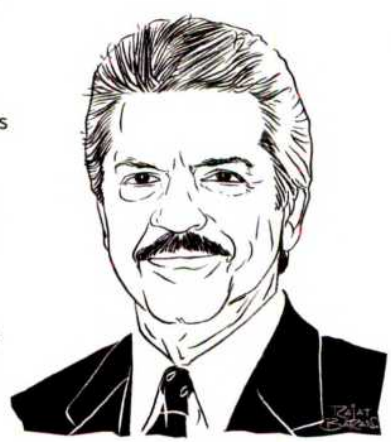
CARICATURES BY SANTOSH

Britain's **Vodafone**, locked in a $2.2 billion tax dispute in India, may be preparing for a settlement if interest and penalty are waived. In January, the company won a four-year legal battle against the government after the Supreme Court ruled that it did not owe tax on its 2007 acquisition of **Hutchison**'s Indian operations. The government decided to retrospectively amend the tax law to recover the money. Thus far, Vodafone has resisted setting aside any provision to meet any liability.

Reliance Communications has raised calling rates by 25 per cent, setting the stage for all leading mobile companies to go in for a second round of tariff hikes in 12 months.

India's GSM subscriber base now stands at 671.95 million, registering a decline of 7.1 million subscribers in August. Bharti Airtel, which currently holds a 27.82 per cent market share, lost 1.90 million subscribers in August, bringing its subscriber base down to 186.9 million. Idea Cellular lost 1.64 million subscribers, to end up with 115.97 million subscribers. Vodafone lost 1.55 million subscribers, and had 153.35 million subscribers.

Tech Mahindra, India's sixth-largest software services company, has acquired a 51 per cent stake in the Bharti Group-owned mobile value-added services (VAS) provider, **Comviva Technologies**, for ₹260 crore. In another deal, US-based **LeapFrog**, the world's largest insurance investor for low-income customers, has purchased a 15 per cent stake in **Mahindra Insurance Brokers** for ₹80.41 crore.



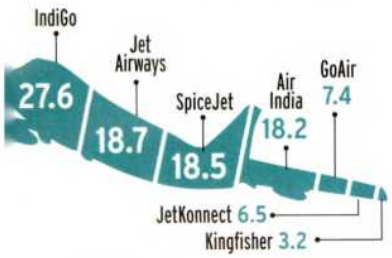
Younger Indian CEOs beat their American and European peers as the highest paid executives globally. The average annual salary for an Indian CEO below the age of 50 years now stands at ₹7.9 crore, compared with ₹7.3 crore and ₹7.8 crore earned by their American and European counterparts, according to global recruitment firm Randstad.

The Asia-Pacific region is now home to 3.37 million high-net-worth individuals – people with $1 million or more to invest – compared with 3.35 million in North America and 3.17 million in Europe, according to Capgemini and RBC Wealth Management. Wealth fell significantly last year in Hong Kong (20.1 per cent) and India (18 per cent) and grew strongly in Thailand (9.3 per cent).

Economy

Pie in the Sky

Domestic air passenger traffic witnessed a sharp decline in August as the total passengers carried by scheduled airlines was 43.7 lakh against 45.4 lakh in July.



Market share (%) in August

Advance tax realisations from the top 100 companies during the second quarter saw a healthy 10 per cent increase. Handsome payouts by State Bank of India, which paid ₹1,820 crore as compared to ₹1,650 crore a year ago, LIC and HDFC Bank, helped negate a 15 per cent drop in payments from Reliance Industries, the largest corporate house.

The government, which is aiming to mobilise ₹30,000 crore through disinvestment this financial year, has initiated the process of setting up a Central Pubic Sector Enterprises Exchange Traded Fund. This fund will help investors to reduce investment risk.

India's annual consumer price inflation increased to 10.03 per cent in August, on rising food prices. The country's retail inflation is the highest among the BRICS group – Brazil, Russia, India, China, and South Africa – and is way above what the RBI calls its comfort level.

$180 billion

Estimated global annual investment volumes in retail real estate by 2020. This is a growth of around 50 per cent on the projected volumes for 2012 ($110-125 billion). Growth markets, including India and China, are projected to account for around one-quarter of retail investment by 2020, compared to less than 10 per cent today.

₹2 trillion

Fuel subsidy facing the nation had the government not acted fast and hiked diesel, kerosene and cooking gas (LPG) prices, said Prime Minister Manmohan Singh in his address to the nation.

Markets

There is good news for home owners, car buyers and other borrowers. A day after the RBI reduced the cash reserve ratio by 25 basis points, **State Bank of India**, the country's biggest lender, cut its base rate by an equal amount. SBI's base rate will be 9.75 per cent per annum, from 10 per cent earlier. The RBI has asked banks to provide a one per cent interest subsidy on home loans of up to ₹15 lakh.

Bharti Infratel, India's second-largest telecom tower company and a subsidiary of Bharti Airtel, has filed a draft red herring prospectus with the Securities and Exchange Board of India for an initial public offering. The IPO aims to raise $1 billion.

Coming Up

- The much-hyped iPhone5 may be launched in India by Diwali and is expected to be priced at around ₹45,000. According to research firm IDC, the iPhone accounts for 2.6 per cent of smartphone sales in India. Samsung is in the top slot with a 21 per cent share while Research In Motion Ltd's BlackBerry accounts for 15 per cent.
- The government's annual budget making exercise has begun. The finance ministry has asked financial advisers of ministries to submit initial budget estimates for the next financial year by October 10.
- A panel of ministers will suggest a mechanism to set retail prices for essential medicines soon.

"A foreign retailer is the most important visitor on our premises, he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so."

-Mahatma Manmohan

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Too Many Cooks

The Indian mobile market grew at breakneck speed. But now hypercompetition threatens to ruin it. By SANJAY KAPOOR

698 mn
the number of active mobile subscribers in India

Is the dream run over for mobile operators in India? This is the question posed by many, with the Indian telecom market being described as one of the toughest in the world. The second largest wireless market after China, in terms of customer base, is today going through possibly its most challenging time amidst an uncertain regulatory environment, persistently high inflation, forex fluctuations and sustained hypercompetitive activity.

Healthy competition is a win-win situation for all stakeholders; on the other hand hypercompetition only leads to ill health.

"TELECOM PLAYERS ARE OFFERING SERVICES AT PRICES THAT DO NOT EVEN JUSTIFY THEIR MARGINAL COSTS"

Sanjay Kapoor

And this is what the Indian telecom industry, with 12 to 13 players, has been staring at for the past few years. This has led to structural defects in the industry with abnormally high rotational churn. Resources are being pumped in for customer acquisition and they are being serviced at unsustainable price points.

In the recent past, we have seen mobile operators adding about 80 million new customers for eight million net additions. The situation is getting more precarious – in August 2012, we saw a dip in the gross additions itself. This indicates the 'use and throw' phenomenon prevailing in the market, that leads to excessive payouts by the telecom firms for SIMs and rotational churn. The monthly churn over a three-year period has nearly doubled to 12 to 13 per cent levels.

The other natural fallout of the hypercompetitive market has been the free fall in tariffs over the last three years, dropping by over 40 per cent. Tariffs in India are now among the lowest in the world. In fact, such a market has created unsustainable models where some telecom players are offering services at prices that do not even justify their marginal costs.

And, of course, the regulatory environment is certainly not helping. The proposed high price of spectrum, lack of transparent policies and absence of a long-term road map will be detrimental to the growth of the industry.

In this gloom-doom scenario, is there the proverbial light at the end of the tunnel? I think it is impossible to ignore the numbers. Though the subscriber numbers for July 31 were pegged at 913.49 million, given the phenomenon of multi SIMs in the country, the number of active subscribers is pegged at 698.06 million based on the Visitor Location Register (VLR). We still have a large opportunity of over 500 million customers, especially in the rural market.

However, I think that for the telecom industry data will be the growth driver due to three key factors:

Young India: India has one of the youngest populations in the world with more than 50 per cent below the age of 26 years. They are the early adopters of technology with a huge appetite for data consumption.

Under-penetration of data enabled devices: Smartphone penetration is on the rise and will lead to growth in data usage. Globally, while smartphones represent only 13 per cent of the total handsets in use, they account for over 78 per cent of the total handset data traffic. The figures in India are abysmally low (less than four per cent) and we are confident that with higher penetration, thanks to the right price points, data usage will get a big boost.

Underserved segment: Let us contrast the reach of mobile phones with other popular mass platforms – television (600 million), banks (500 million) and newspapers (180 million). Today 59 per cent of the Indian population is unbanked, with limited access to credit. In health, the situation is no better as India's number of physicians at 0.6 per 1,000 patients is way below the world average of 1.5. I see tremendous work happening in banking, health, gaming, education, etc, as applications and content are now becoming available on the ubiquitous mobile phone.

For data to become a reality, a significant amount of investment, capability building and a lot more spectrum is required. Investment in high-speed data networks, inherently different from 'voice', and backhaul capacity is critical for making India's virtual infrastructure compare with the best in the world. Moreover, it is unfair to expect a great data experience on the five megahertz (MHz) spectrum. In developing countries the play happens in the 80 to 100 Mhz range.

It is important that the industry gets clarity, and predictable, transparent policies along with a conducive regulatory framework are put in place to take the telecom industry to the next stage. It is equally important that we have healthy competition between four and five players – this is the reality the world over, unlike the hypercompetition prevailing in our market. Finally, pricing in the market needs to be in sync with the cost incurred – for the sustainability of the industry.

With all this, the India telecom industry can still live up to its potential. ◆

The author is the CEO(India and South Asia), Bharti Airtel

BHASKAR PAUL

Maiden Over

After rejecting the sole bid for Deccan Chargers, the team's cash-strapped owners are on a sticky wicket. By E. KUMAR SHARMA

Uncertainty is growing over the fate of the Deccan Chargers, the IPL cricket team owned by the cash-strapped Hyderabad media company Deccan Chronicle Holdings Ltd (DCHL). As if the poor response to the bids for the Indian Premier League's franchise in the September 13 auction was not enough, the Bombay High Court directed the Board of Control for Cricket in India (BCCI) not to invite bids for Deccan Chargers until the final hearing of a related case on September 24. What is unfolding could have implications for not just the Deccan Chargers but also the IPL brand.

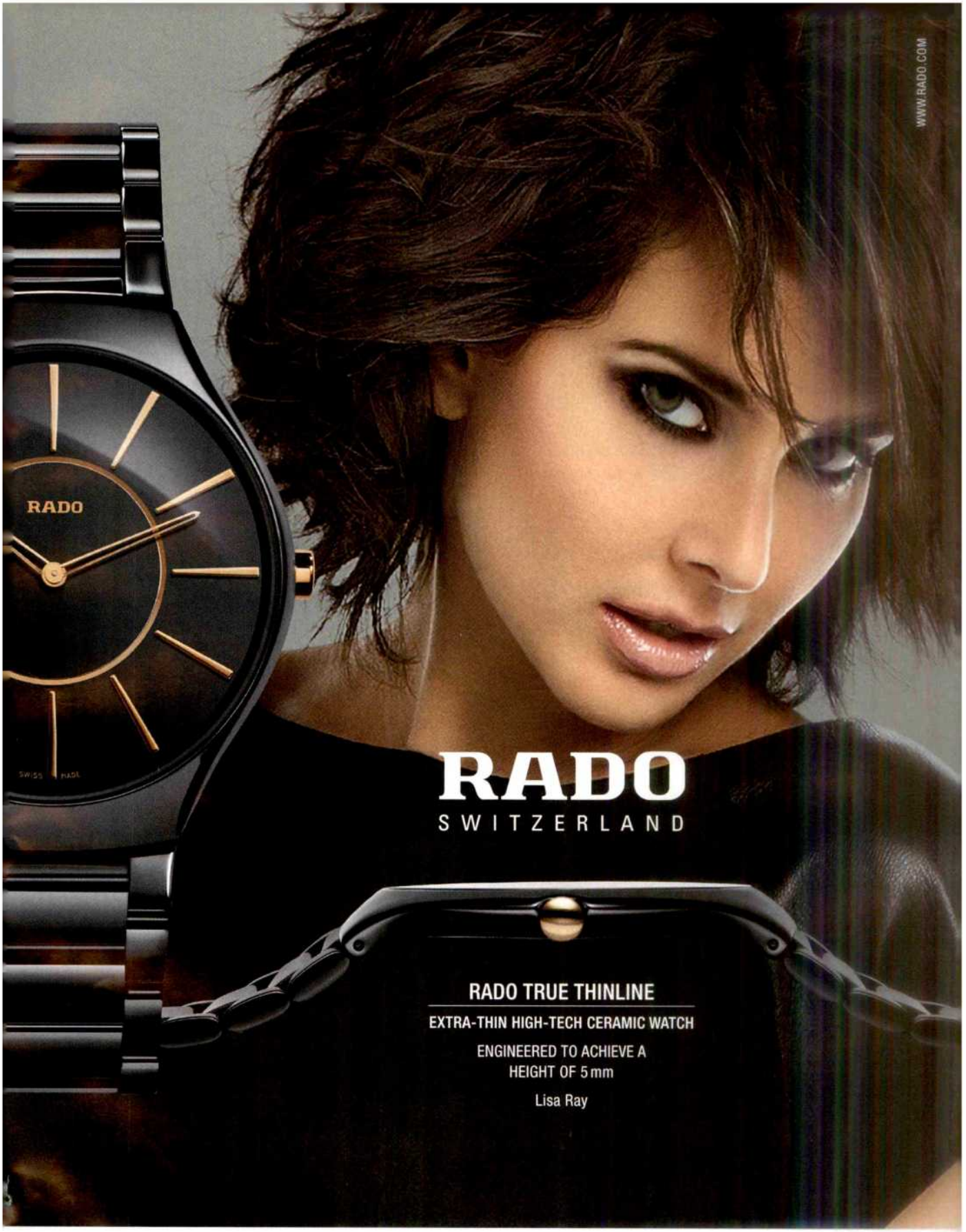
Analysts say valuations in cricket have taken a beating, much like those in other sectors such as infrastructure. Nikhil Vora, Managing Director and joint head of research, IDFC Securities, describes the business model as challenging. "The equity value of the model is yet to be proven, though there is a brand value," he says. He adds that it is still unclear why DCHL rejected the ₹900 crore offer by PVP Ventures, the lone bidder.

EXPERTS SAY A NEW BUYER WOULD FIND THE GOING TOUGH AS THE RETURN ON INVESTMENT WOULD TAKE LONGER

Vora says the best part of IPL's momentum has already passed, and a new buyer would find the going extremely challenging because the return on investment would take longer. Finding a new owner is crucial for DCHL, which bought the franchise in 2008 for $107 million (more than ₹ 500 crore).

Sources knowledgeable about the bidding process say PVP's bid was rejected because of failure to agree on payment terms: PVP wanted to stagger payment, which some interpret as a lower current valuation.

As for DCHL, the markets have seen its stock decline steadily. From a 52-week high of ₹62.40 on September 21, 2011, the scrip (with a ₹2 face value) hit a 52-week low of ₹9.36 on September 20, 2012. "It is likely to fall further, considering the uncertainty about its future," says Rajendra Naniwadekar, Director, Kellton Financial Services. He adds that DCHL's huge borrowings could mean losses in the current quarter due to interest outflows. He points out that although the company has not yet declared financial results, the trend is worrying – its net profit declined from ₹21.33 crore for the quarter ended December 2011 to ₹6.08 crore for the quarter ended March 2012. For the 2011/12 financial year, the company posted a net profit of ₹60.68 crore on revenues of ₹869.4 crore. ◆



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SHEKHAR GHOSH

Ready for takeoff: Kerala Chief Minister Oommen Chandy

Waiting In The Wings

The Kerala government plans to launch a budget carrier to cater to its Gulf diaspora. By K.R. BALASUBRAMANYAM

If things go as planned for the Kerala government, foreign as well as Indian airlines will soon have serious competition on the lucrative Gulf routes. Air Kerala Ltd, a state-owned company headed by the chief minister, is awaiting the Centre's clearance to start flights to Gulf destinations.

The move by Kerala's Congress-led United Democratic Front government has been triggered by widespread concerns that airlines operate like a cartel during peak seasons and exploit travellers to the Gulf countries – the fares, at times, are higher than those on the US route. There are an estimated 2.5 million Malayalees working in the Gulf region, and their remittances of about ₹50,000 crore a year are the backbone of the coastal state's economy.

Kerala has asked for a waiver of the existing five-by-twenty rule: an airline must have 20 aircraft and five years' experience in domestic operations to launch overseas operations. "I have discussed with the Prime Minister, and he has promised to consider our request. We are ready for the launch any moment," Chief Minister Oommen Chandy told BT. The Kerala government has drawn up a contingency plan too. If the Centre delays the necessary approvals, Air Kerala will still take off but only on domestic routes.

The airline will be a government-private initiative with its equity structure modelled on the lines of Cochin International Airport Limited (CIAL). The new carrier will have 26 per cent stake held by the Kerala government and CIAL together, and the rest by individuals. It will have an equity of ₹200 crore initially. "Our idea is to start with 200,000 shares each with a face value of ₹10,000, and increase this to one million shares in five years. We hope to see good participation from non-resident Keralites as this is going to be their airline," says Air Kerala Managing Director V.J. Kurian, who is also MD of CIAL. "Many people scoffed at the CIAL idea when it was first floated. Today we are the most profitable for the size of capital employed." In 2011/12, the airport earned a net profit of ₹100 crore.

There are sceptics. Deccan Aviation Chairman G.R. Gopinath thinks Kerala should stay away from the initiative as it would involve a conflict of interest. "Since the airport operator is also the promoter of Air Kerala, it is likely to treat the airline with favourable business terms, and the government might extend tax sops," says Gopinath. Precisely the reasons why the airline will likely be viable and profitable, reckons a sector expert. ◆

FACT SHEET

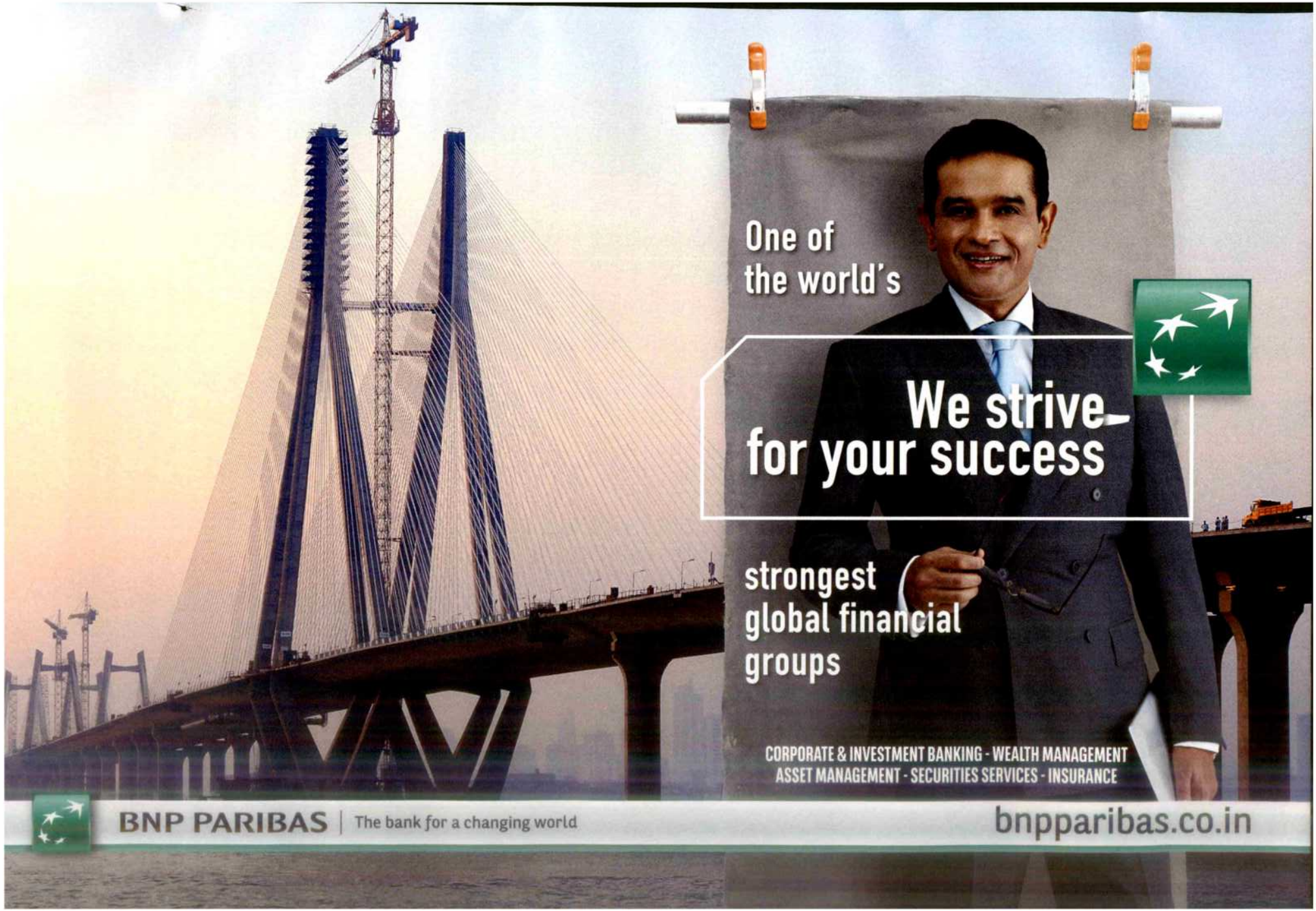
AIRLINE: Air Kerala Limited

EQUITY: ₹200 Crore

BUSINESS PLAN: Services between Kerala and Gulf

SHAREHOLDING: Government-26%, private - 74%

TAKE OFF: In a year's time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Smoke Signals

Cigarette makers could benefit as the number of states that have banned gutkha rises to 14. By MANU KAUSHIK

K. ASIF/www.indiatodayimages.com

THE 14 STATES THAT HAVE BANNED GUTKHA AND PAAN MASALA ACCOUNT FOR ROUGHLY 45 PER CENT OF CIGARETTE SALES

Gutkha may give consumers a buzz, but its manufacturers have got a headache. Recently, the Delhi and Gujarat governments announced a complete ban on gutkha products and paan masala containing tobacco or nicotine. Twelve other states have already announced similar bans. The latest ban has been enforced under a new rule of the Food Safety and Standards (Prohibition and Restrictions on Sales) Regulations, 2011. According to the rule, tobacco and nicotine cannot be used as ingredients in food products. States can ban these products for a year, and the prohibition can be extended every year before it lapses, which would amount to a permanent ban.

According to some estimates, out of nearly 275 million tobacco users in India, 206 million use smokeless products such as gutkha – a sweetened mixture of tobacco, betel nut and palm nut – and *khaini*. Consumed by even children, these products have been found to contain 3,095 chemical ingredients, of which 28 are proven to cause cancer. Gutkha manufacturers say these products cannot be classified as "food products" as they are regulated under the Cigarettes and Other Tobacco Products Act.

The states with highest percentage of tobacco chewers – Assam and Orissa – have not implemented bans. A report by brokerage Edelweiss Research estimates the market size at ₹15,000 crore to ₹20,000 crore. The report says the cigarette industry may benefit, as some gutkha consumers may switch to cigarettes, given the narrow price differential between illegally available gutkha and low-end cigarettes. The report notes: "Players like ITC and VST have recently rolled out low price points in cigarettes (₹2) which may also serve as an entry point for the new customer base." Mumbai-based securities firm Anand Rathi says these 14 states account for roughly 45 per cent of cigarette sales.

"The gutkha industry has been a whipping boy for a very long time," says C.K. Sharma, head of the mouth freshener business at Dharampal Satyapal Ltd. "This act of banning shows that government agencies are biased towards the cigarette industry."

The orders issued by various states contain no mention of restrictions on sale of loose tobacco or smoking tobacco products. In July, several major gutkha manufacturers, including the Manikchand Group and Ghodawat Pan Masala Products, moved the Bombay High Court against the Maharashtra government's ban. On September 15, the court upheld the ban.

The gutkha and paan masala industry has been at the receiving end for more than a year. In February 2011, the Supreme Court banned the use of plastic sachets for these products, and many companies had to shut down operations to find alternatives. The DS Group, for instance, closed its factories for four months before switching to paper packaging.

Experts say the gutkha market is highly fragmented, with nearly 80 per cent dominated by regional players. "Directly or otherwise, millions of farmers, workers, retailers, small vendors depend on this sector," says Sharma of Dharampal Satyapal. "The ban is threatening their livelihoods in a big way." ◆

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A DIGITAL PEN TABLET AND A POWERFUL ULTRABOOK

Large Note

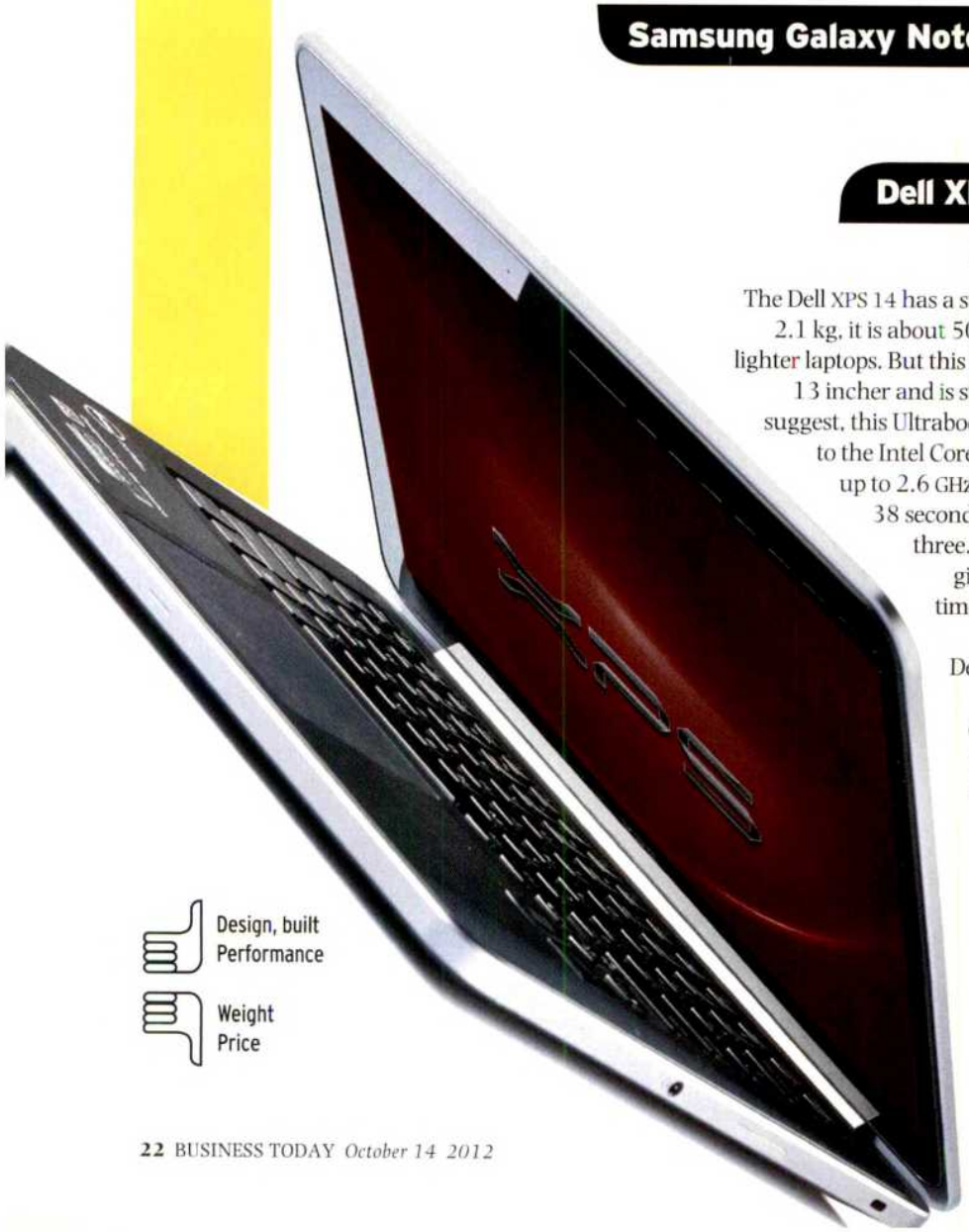
Samsung has introduced a digital pen interface for its 10.1-inch touch device and decided to call it Note 800 after its popular smartphone. Along with the extra screen space, the plastic-bodied Galaxy Note 800 also comes with a clever slot for storing the S Pen. The pen triggers a special menu featuring S Note, S Planner, Crayon Physics, PS Touch, Polaris Office and settings. The S Note has some utility features like formulae match, shape match and handwriting-to-text conversion, all of which work well. The handwriting-to-text feature is a bit slow as the software reads every line individually – while it performs the task, you cannot write more. The bright HD display is good for watching movies and playing games, well complemented by the speakers.

NIDHI SINGAL

S Pen and related software
Screen and sound

Plasticky build
Price

Samsung Galaxy Note 800 **Price:** ₹39,990



Power Machine

The Dell XPS 14 has a stocky build for an ultrabook. At 2.1 kg, it is about 500 gm heavier than some of the lighter laptops. But this is a 14-inch machine and not a 13 incher and is still thin at 0.81 inch. As its look suggest, this Ultrabook is also very powerful, thanks to the Intel Core i5-3317U processor (3M cache, up to 2.6 GHz). It can do a full start up in just 38 seconds; it wakes up from sleep in just three. The 14-inch HD+WLED display gives a crystal clear image all the time, but it is not Full HD and has a resolution of 1600x1200p. Despite the large screen and high processing power, plus heavy duty use, the battery lasts eight hours without a recharge. The sound quality is also very good with Waves MaxxAudio 4. Unlike others of its ilk, the XPS 14 has a host of connectivity options, including Wi-Fi, Wi-Di, Bluetooth 4.0 wireless connectivity, two USB 3.0 ports HDMI and even an RJ-45 port.

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Performance

Weight
Price

Dell XPS 14 **Price:** ₹79,038

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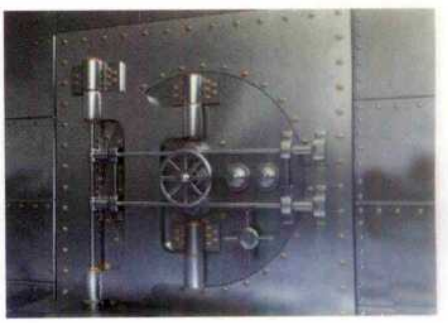

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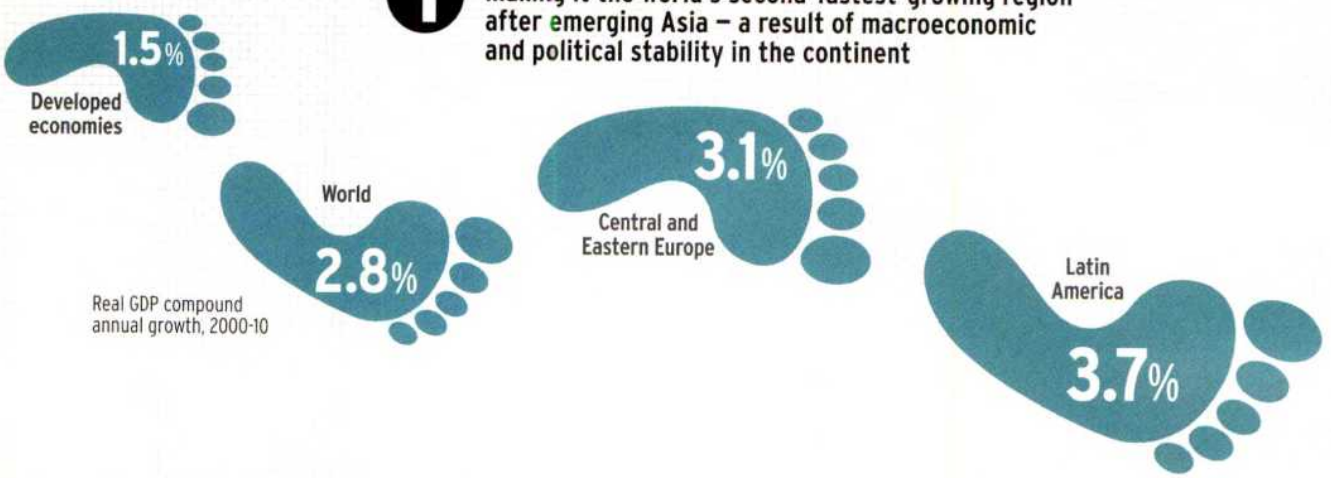
AFRICA RISING

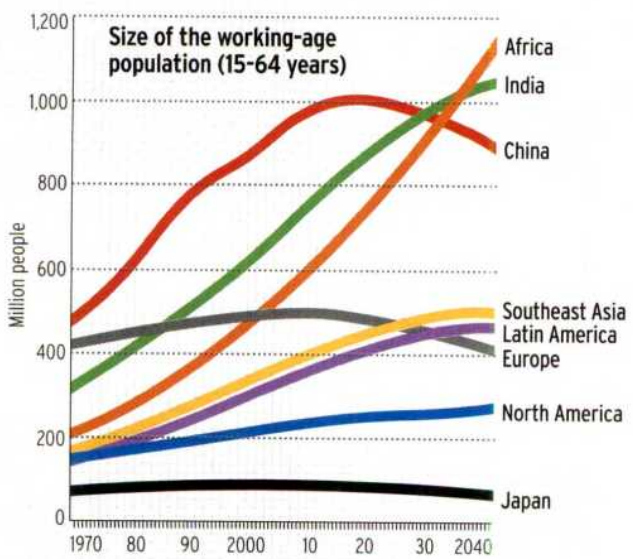
A resurgent Africa has emerged as one of the fastest growing regions of the world, reflecting fundamental improvements in its business environment. However, like the BRIC (Brazil, Russia, India and China) grouping, most African nations are struggling to ensure inclusive growth, according to a McKinsey Global Institute report. Meanwhile, India has capitalised on the opportunities in the continent – bilateral trade with African countries has soared in the last decade.

Graphic by **Santosh Kushwaha**

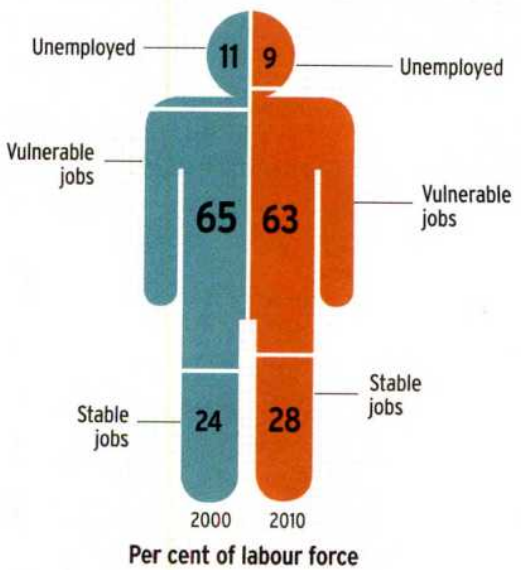
1 **Africa's economic growth accelerated after 2000, making it the world's second-fastest-growing region after emerging Asia – a result of macroeconomic and political stability in the continent**

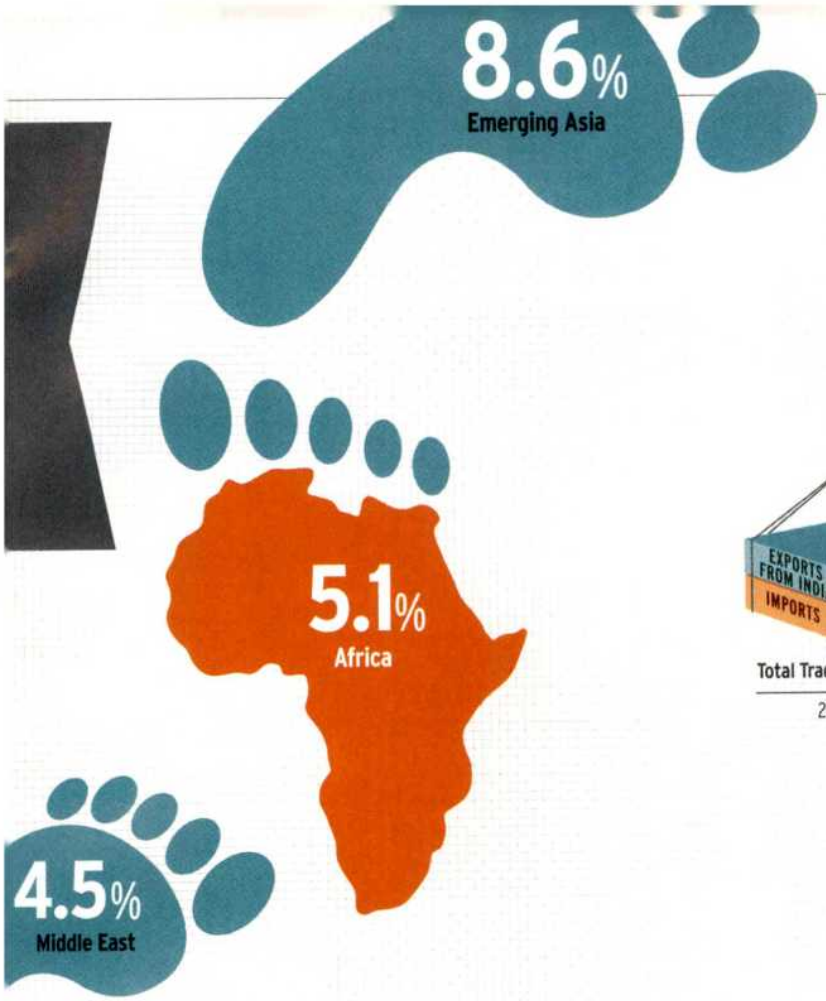


2 **Africa appears poised to reap the benefits of a demographic dividend. The continent's labour force will be the largest in the world by 2035**



3 **But the challenge is productive employment. Over 60 per cent of the continent's labour force is in vulnerable employment – subsistence farming and informal self-employment. Little has changed in a decade**

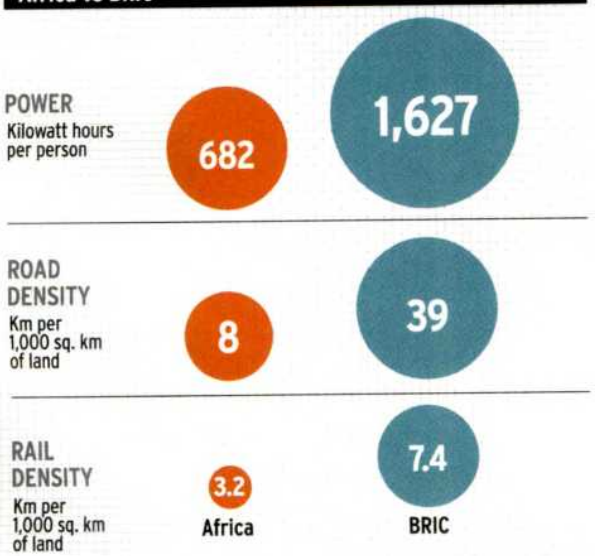




4

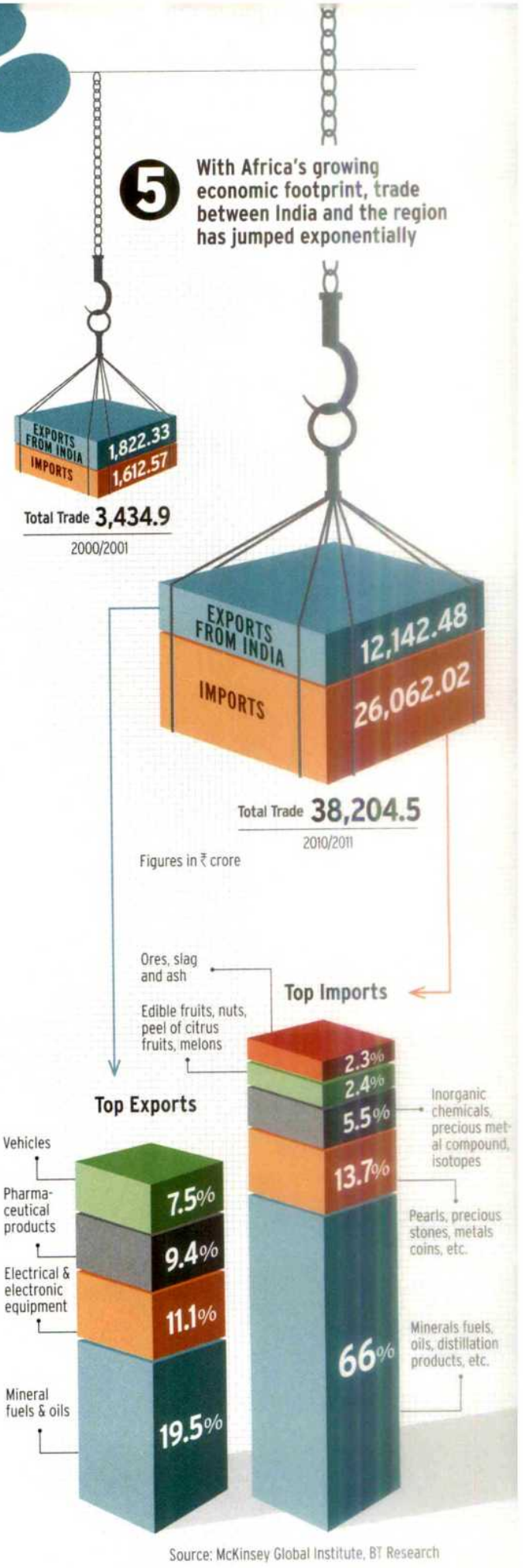
Africa needs sustained high growth to attain key social targets but poor infrastructure remains a stumbling block. The continent needs to invest $118 billion a year in infrastructure, says the World Bank. It is currently investing just $72 billion

Africa vs BRIC



5

With Africa's growing economic footprint, trade between India and the region has jumped exponentially



Source: McKinsey Global Institute, BT Research

"We need to contain subsidies as money doesn't grow on trees... No government likes to impose burdens on the common man"

Manmohan Singh,
Prime Minister, in a televised address to the nation

"I cannot accept and support something which goes against the interest of the common man"

Mamata Banerjee, *West Bengal Chief Minister and Trinamool Congress chief, in* The Times of India

"The government has been coming out with policy after policy that adversely affects people. The biggest losers in these policies, especially the diesel price hike, are farmers"

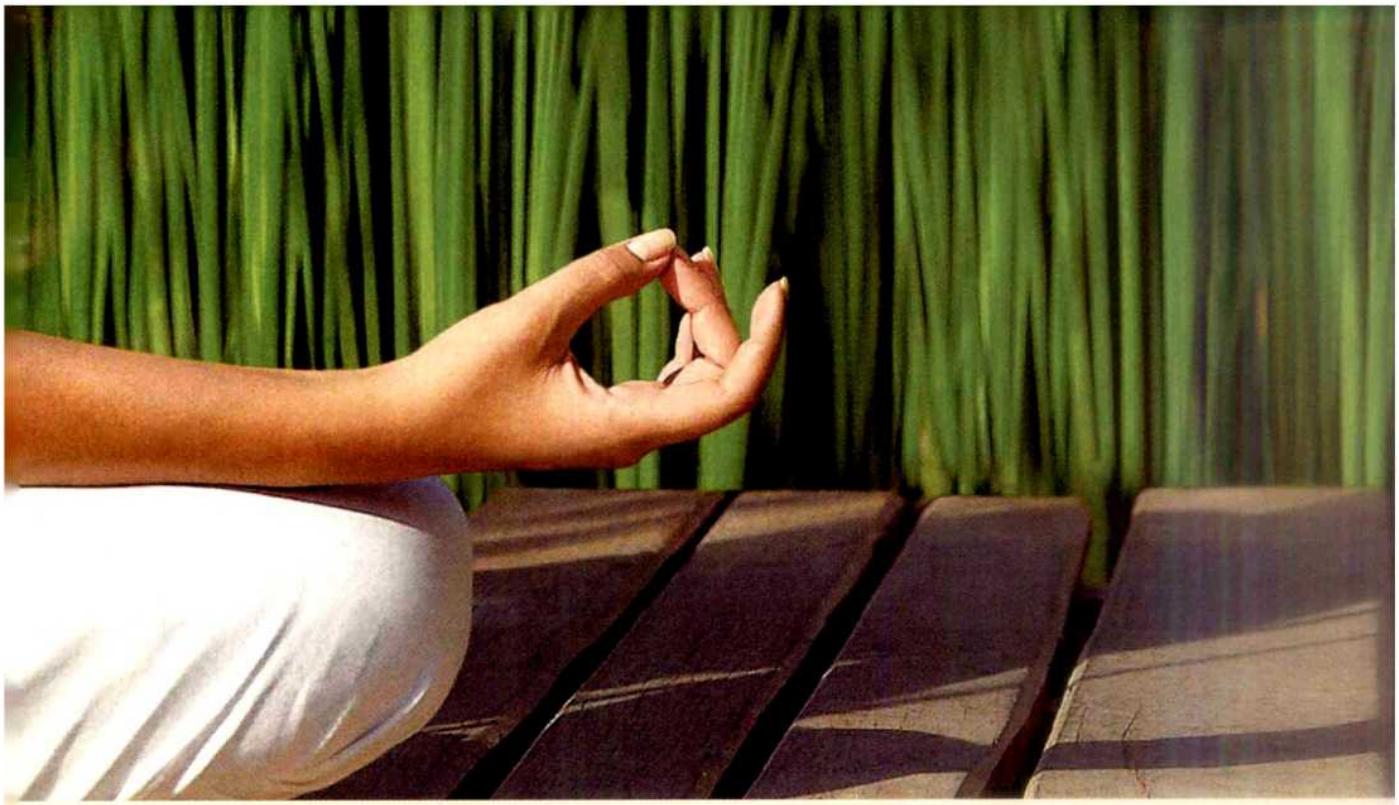
Mulayam Singh Yadav,
Samajwadi Party chief, in Hindustan Times

"BANDH (STRIKE) HAS BEEN DISRUPTIVE FOR BUSINESS AND TRADE IN MANY PARTS OF THE COUNTRY... ALMOST ₹12,500 CR HAS BEEN THE COUNTRY'S LOSS IN TERMS OF DISRUPTIONS IN PRODUCTION AND TRADE"

CII in a statement to wire agencies

"Again, we urge the government to stand its ground. Right thinking Indians will be less than amused by partisan politics in a fragile economy"

Anand Mahindra, *Chairman, Mahindra & Mahindra, to wire agencies*



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YVES CARCELLE, Chairman & CEO of Louis Vuitton Malletier, the most valuable and most counterfeited luxury brand in the world, was recently in India to open the company's store in Chennai – its fifth in the country. He spoke to **N. Madhavan** on the evolving Indian market and how Louis Vuitton maintains its brand value. Edited excerpts:

"ULTIMATE LUXURY IS LIKE A UNIVERSAL LANGUAGE"

On India as a luxury market: India has evolved like any other country. At the beginning it is the discovery of luxury. People work hard, make money and treat themselves to a luxury product. Soon their taste gets sophisticated and they become connoisseurs of luxury. Ultimate luxury, to me, is like a universal language.

On maintaining brand value: We never compromise on quality. We are the only brand where you can bring a trunk which is 150 years old and we will restore it. We never compromise on distribution. Not even a single product of ours is sold outside a Louis Vuitton store. We own all the Louis Vuitton stores in the world. We never compromise on the investment in the store. We also never compromise on the quality of staff and creativity.

On lessons India taught him: Lot of things – patience, tolerance and how to survive in chaos. If you can't handle these things, you can't do business in India. Honestly, look at the number of multinational companies run by managers of Indian origin. Indian managers are exposed to a competitive and diverse environment early on and are quite well trained to head a multinational company.

On fighting counterfeit products: We have a zero tolerance for counterfeits. We are one of the toughest when it comes to chasing and fighting counterfeiters. Sometimes things get administratively complicated in India, but when it comes to counterfeits the law is sufficient.

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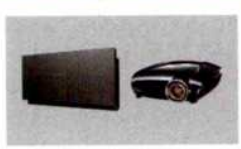
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No Happy Ending

British PM David Cameron may find himself in a spot of bother. He believes that inner well being should get priority over economic growth but a study now reveals that pursuing happiness as a goal can have the opposite effect! A constant stress on positive emotions, it seems, can actually make people less happy. Cameron introduced a new "happiness index" in UK in 2010 as an alternative to GDP despite strident criticism.

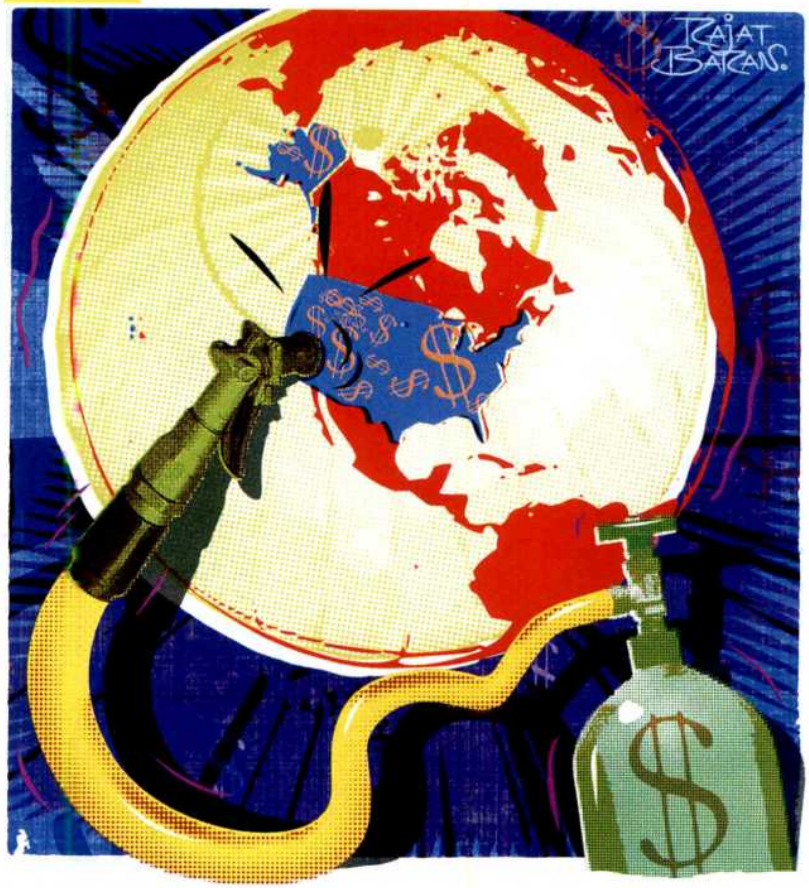
Picture This

A portrait by tragic artist John William Godward is expected to fetch handsome returns for its owners after being declared a masterpiece by experts. The 1909 painting, called "Summer Idleness: Day Dreams", was bought at £70 in 1937 (about £3, 900 at today's prices). It could now go under the hammer for between £150,000 and £200,000 - nearly 3,000 times its original value.

In the Dock

The shipping ministry's plans to double the capacity at Jawaharlal Nehru Port Trust, India's largest port, seem to have run into rough weather. ABG Ports, part of the winning consortium, now wants to pull out of the project while the law ministry has strongly opposed the move. This is delaying the construction of the fourth container terminal at JNPT. The board of JNPT is now expected to take a final call on the project.

HOW THINGS WORK



Easing the Pain

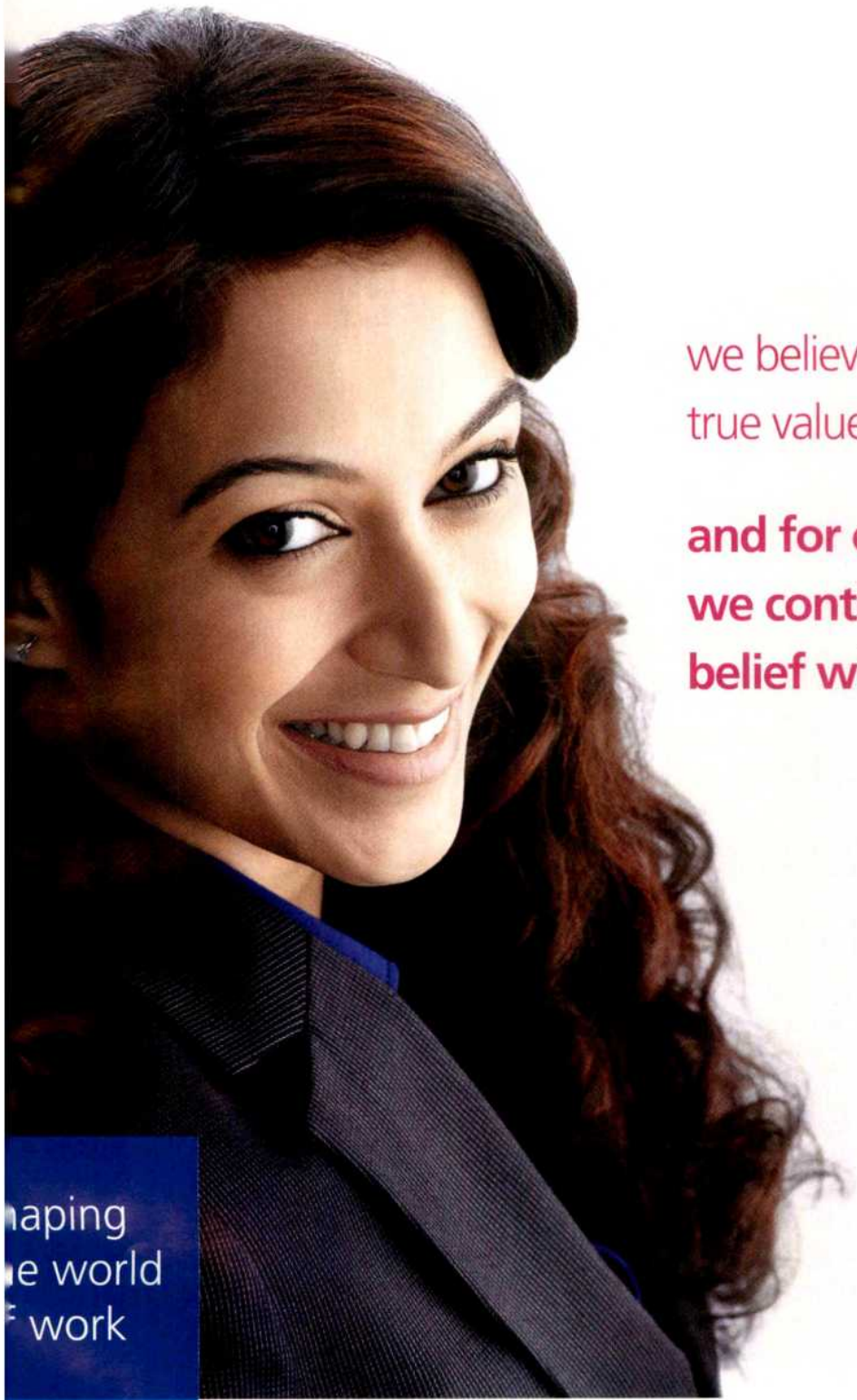
The US Federal Reserve has embarked on another round of quantitative easing (QE3) to stimulate the local economy. The move has profound implications for India as well.

What is QE3? When the interest rate is almost zero and cannot be lowered any further, central banks sometimes inject money into the economy directly to boost growth. Quantitative easing (QE) is an unconventional monetary tool seldom deployed. However, this is the third round of QE by the Fed in the past four years, hence the term QE3.

How will it work? The first round of QE began in September 2008 and concluded in the first quarter of 2010, with a total of $1.25 trillion in purchases of mortgage-backed securities. In the second round, between November 2010 and June 2011, the Fed bought $600 billion of longer-term treasury securities. During QE3, the Fed will buy $40 billion of mortgage backed securities every month for an indefinite period. QE3 will infuse cash into banks allowing them to lend more. It is also expected to keep interest rates low.

What does it mean for India? Excess liquidity and low interest rates mean higher capital flows into the developing world. India could be among the key beneficiaries of foreign investment looking for higher returns in the emerging markets. The liquidity infusion through QE3 is expected to increase inflows from foreign institutional investors. But, large capital flows could pose a major challenge for exchange rate management and also stoke inflationary pressures in the economy. Analysts are divided in their assessment of the impact on India. But the Indian stock market saw a pronounced bull run after QE1.

COMPILED BY RISHI JOSHI



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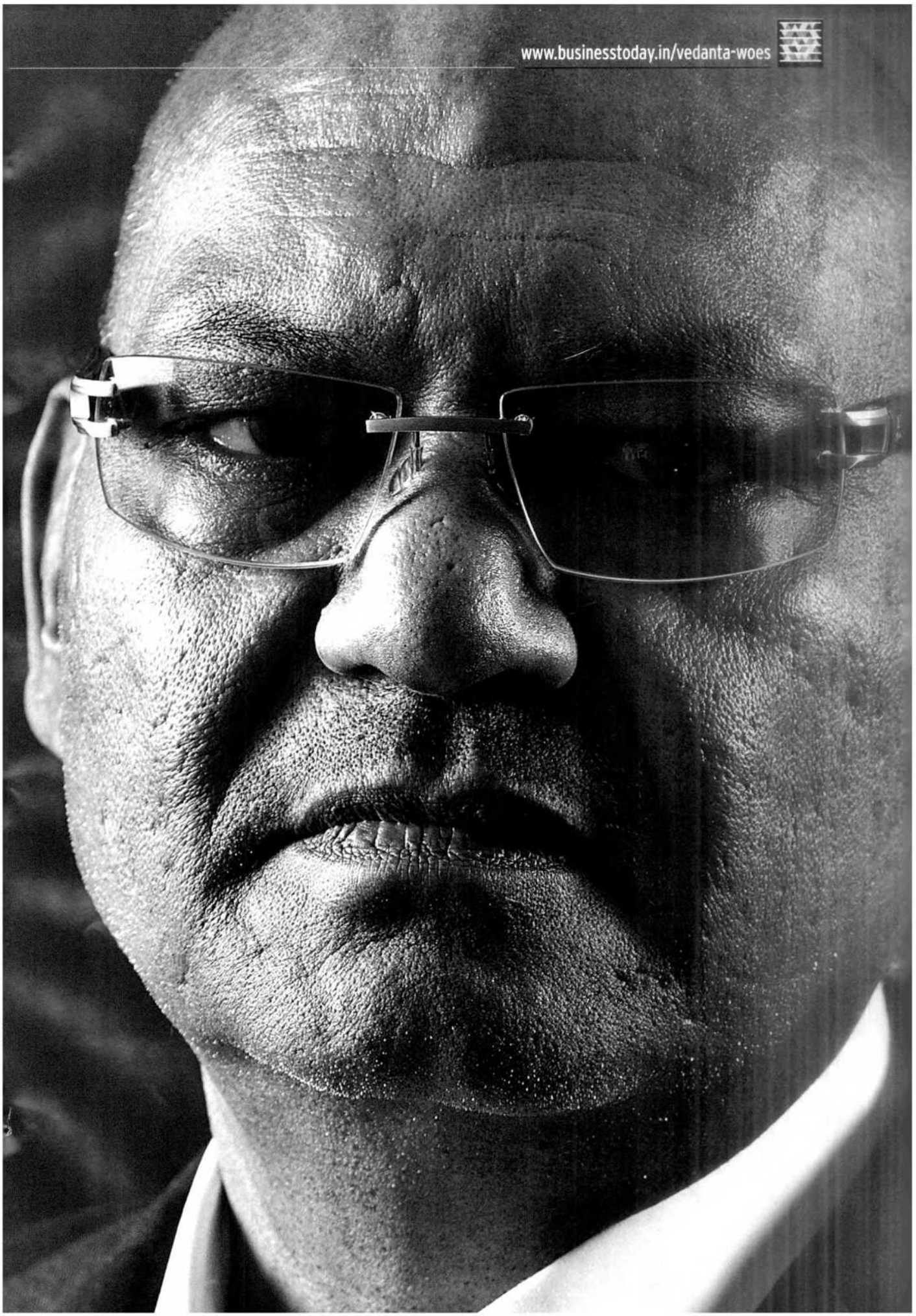
Resource CRUNCH

Has Anil Agarwal gone too far, too fast in his quest to become the world's lowest-cost minerals mogul?

By SUMAN LAYAK and N. MADHAVAN

In the Sattari taluka of Goa, barely 34 km from the inviting waves of Calangute beach, there is a village called Pissurlem. In many ways, it is a microcosm of the challenges that the $14-billion minerals major Vedanta Resources faces in Goa and elsewhere today. There is little or no water in the village's wells. All the ground water has been sapped by the six mining companies that operate out of Pissurlem. Coconut trees, starved of water, have fronds barely a foot or two long. Water tankers, funded by iron ore mining companies, have to supply all the water needed by the 2,000-odd people under the Pissurlem panchayat.

A mountain of soil, excavated from the mines to gain access to iron ore deposits, runs right through the village. This iron ore "overburden dump", as such sites are called, is about 80 feet tall and more than 1.7 km long. It extends through Pissurlem into the neighbouring villages of Vaghuriem and Codierm.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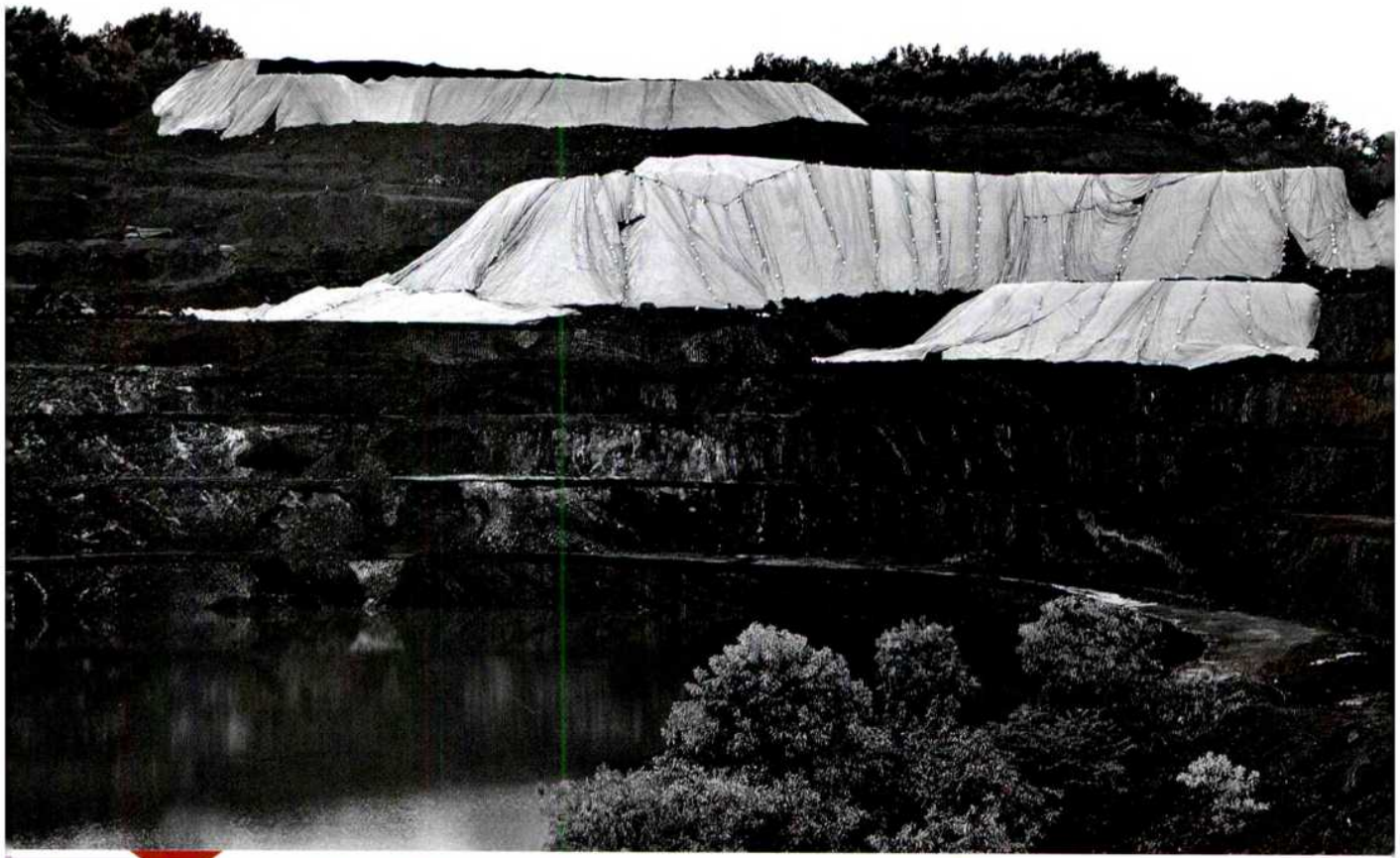


Codli is Sesa Goa's largest iron ore mine, with an annual output of seven million tonnes. On September 10, the Goa government halted all iron ore mining in the state, for a review. This followed the tabling in Parliament, three days earlier, of the M.B. Shah Commission report on iron ore and manganese mining in Goa. On September 12, the Environment Ministry withdrew mining licences to all mines in Goa

The dump has been created and is managed by Vedanta Resources' subsidiary Sesa Goa Ltd. It consists of soil from the Sonshi mining lease at Pissurlem as well as Mareto Sodo and Botvadeocho Dongor, two other mines owned by the company. The Sonshi lease is owned by Cosme Costa & Sons, and is operated by Sesa Goa, raising three million tonnes of ore every year.

From a distance, the dump in Pissurlem looks like a hill. Today, the piled up soil threatens to flow into the neighbouring agricultural lands. Local farmer Vijay Kumar Desai, 30, told *Business Today* he had been facing the danger of slush from the dump flowing into his agricultural fields and had been fighting the company on various forums. Desai had 29 other farmers with him when the legal battles started. Today all but two have deserted him. Even their lawyer has switched sides. "We have little option but to depend on the mining industry at Pissurlem. With the lack of groundwater, agriculture has no future here," says Desai.

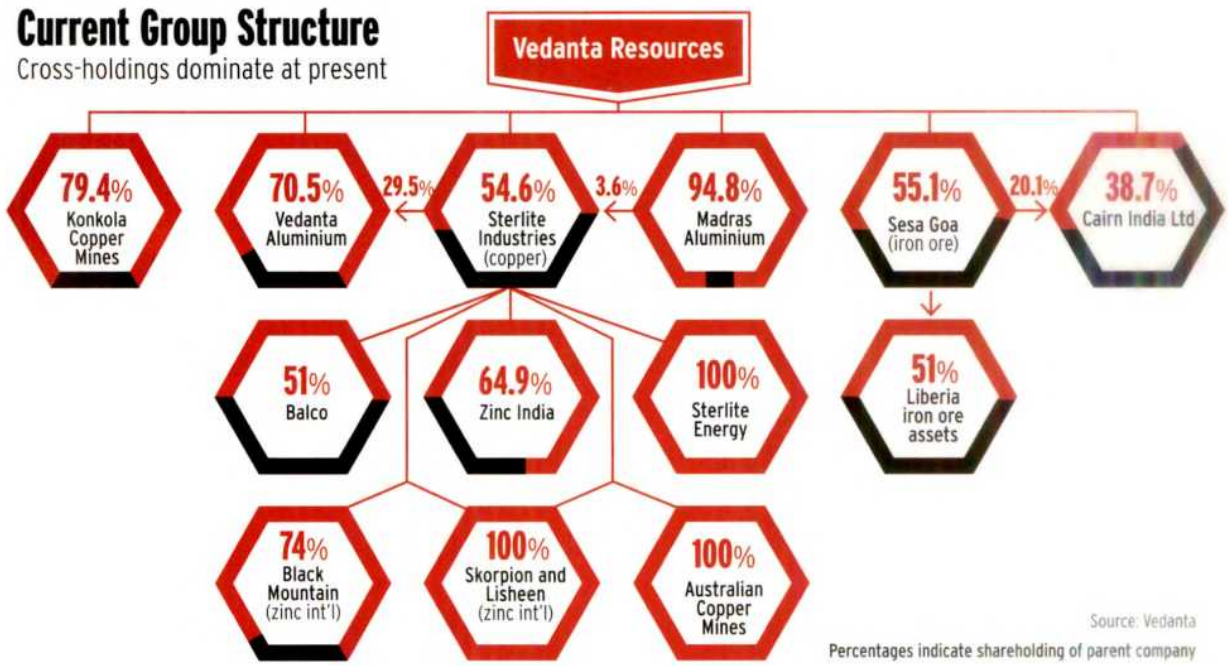
On August 28, 2012, the Goa State Pollution Control Board ordered Cosme Costa to stop dumping soil at Vaghuriem and Codierm. The development was big enough to affect the Sesa stock, which fell three per cent after the news broke. There was more bad news for the mining industry on September 10, as the state government stopped all iron ore mining in Goa, for review. This followed the tabling in Parliament, on

Proposed Group Structure

Except for Konkola Copper, every subsidiary will be subsumed into Sesa Sterlite

Current Group Structure

Cross-holdings dominate at present



Source: Vedanta

Percentages indicate shareholding of parent company

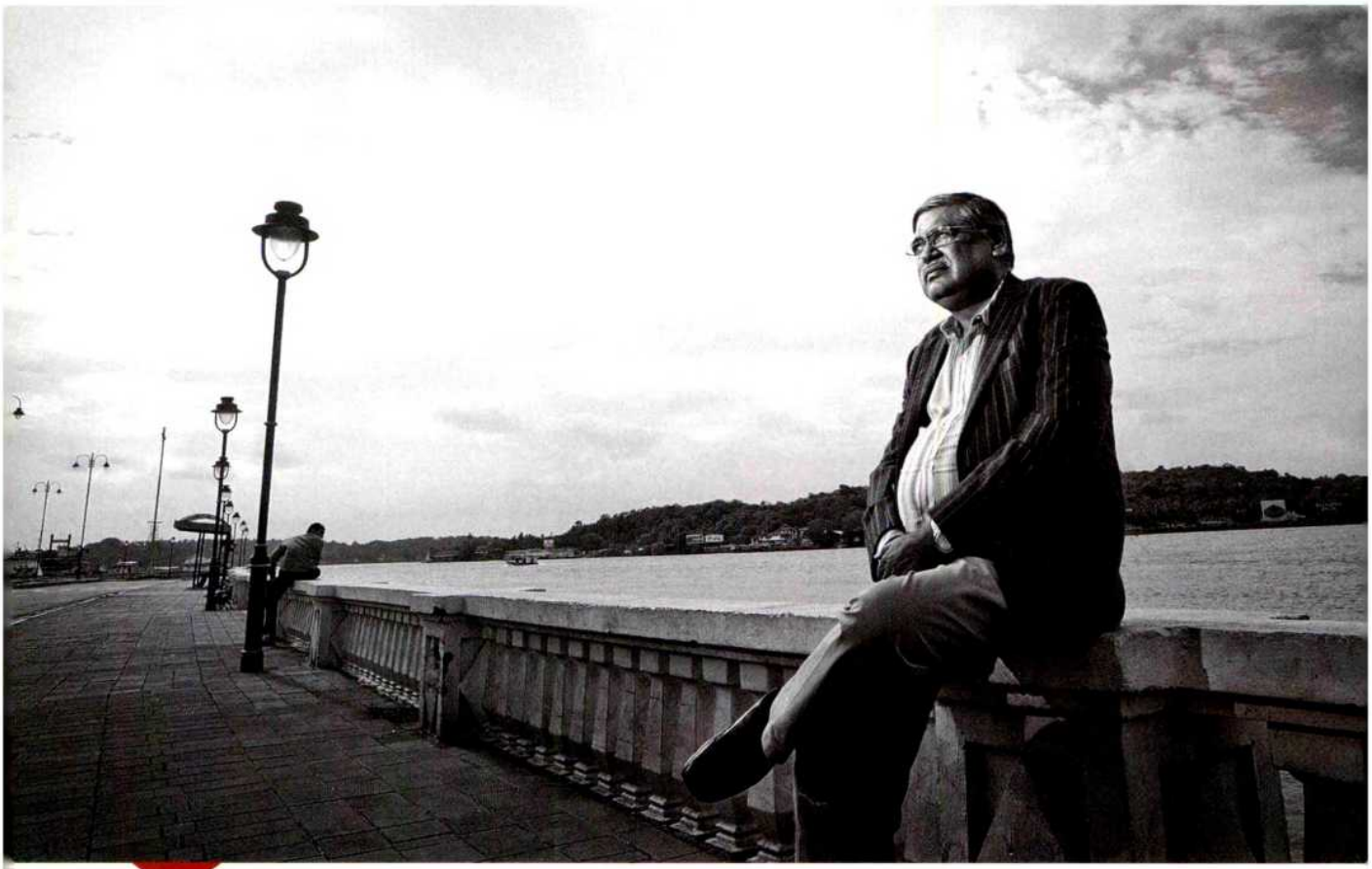
September 7, of the M.B. Shah Commission's report on iron ore and manganese ore mining in Goa. The report faulted almost every mining venture for operating outside legal boundaries. The stock fell a further 5.8 per cent on September 11. The next day, the Ministry of Environment and Forests (MoEF) withdrew mining licences for iron ore mines in Goa.

These decisions mean that Sesa Goa has no mining operations left in Goa and neighbouring Karnataka, where mining was stopped by a Supreme Court order last year. In other words, Vedanta's iron ore business, which contributes 14 per cent to the group's earnings before interest, taxes, depreciation and amortisation (EBITDA), is at a standstill.

Vedanta promoter Anil Agarwal is quick to defend his company's mining operations in India. "What we are doing is only 10 per cent of what (you will find is being done) if you go to Brazil and Australia," he told *BT* in an exclusive interview (page 46), implying that mining and sustainable development could go hand in hand. "Australia is a green country. Canada is a green country. Everywhere you go, you can see the beach and water and they produce the largest amount of iron ore. Today we have technology to produce these metals in the most environmentally friendly manner."

As things stand, though, his game plan has gone awry, and not just in Goa. Take the case of Sterlite Industries' copper smelter in

NISHIKANT GAMRE

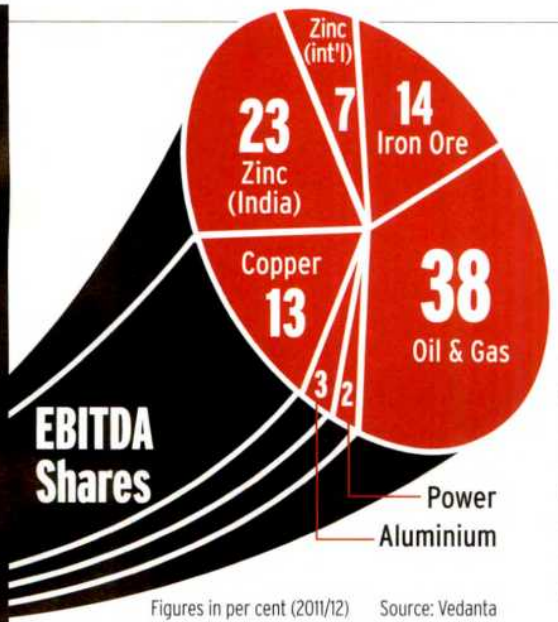


Sesa Goa Managing Director **P.K. Mukherjee** says the company has won awards for its environmental management. It is the first mining company to get ISO 14000 environmental certifications and the first iron ore company to get a SA8000 certification for social accountability

Tuticorin, Tamil Nadu, which is key to the group's ₹19,514 crore copper business. In September 2010, while hearing a PIL filed in 1996 against the setting up of the smelter in this coastal town, the Madras High Court ordered the closure of the plant. The company appealed against the order in the Supreme Court, which stayed it. However, the group's hopes of quickly resolving the issue evaporated on August 27, 2012, when the apex court ordered a joint inspection by the Tamil Nadu Pollution Control Board and Central Pollution Control Board of the unit's effluent treatment and emission control measures. Their report is awaited. In other words, the future of the Tuticorin smelter is in the hands of the Supreme Court – if it upholds the Madras High Court decision, it will deal a body blow to the group's copper business in India. "If we shut the smelter unit, our copper business will go down," admits P. Ramnath, CEO of Sterlite's copper business.

The group's aluminium business, which is worth over ₹3,112 crore, is also facing an uncertain future. In what could be a pressure tactic, Vedanta recently announced it would shut down its alumina refinery at Lanjigarh in Orissa from December 5 this year due to non-availability of captive bauxite. The one million tonne Lanjigarh refinery was set up by Vedanta Aluminium on the premise that it would get bauxite mined from the nearby Niyamgiri Hills. But the issue of mining in the hills, considered sacred by the Dongria Kondh tribe, attracted global attention and protests. In 2010, the MoEF finally denied permission to mine the hill.

The group has been running the refinery by procuring the bulk of its needs from the open market and also diverting bauxite from its subsidiary, Bharat Aluminium Company's



Figures in per cent (2011/12) Source: Vedanta

(BALCO) mines. Vedanta bought a 51 per cent stake in the former public sector unit (PSU) in 2001. Speaking to *BT* days before the group announced plans to close the refinery, Tarun Jain, Sterlite's Chief Financial Officer, said: "We are buying (bauxite) from outside. It is not economically viable. Every day is becoming difficult...in the short term we may not be left with many options."

With captive bauxite, Vedanta can produce aluminium at $1,250 a tonne and be the cheapest in the world. Procuring it from a third party increased its cost of production to $1,850 a tonne. This was was still economical, when global prices were at over $2,000 a tonne. However, aluminium prices have since dropped to $1,800 a tonne, and the operation has startd to go against the group's credo of being a low-cost producer.

Effectively then, 55 per cent of Sterlite Industries' ₹40,967 crore business and all of Sesa Goa's iron ore operations (₹7,104 crore) are under a cloud. These businesses account for almost 30 per cent of the $5.4 billion (₹27,470 crore) EBITDA that the Vedanta Group generated in 2011/12.

Only the oil and gas and lead-zinc-silver operations, which together accounted for 68 per cent of EBITDA in 2011/12, are in good shape.

Going back to Pissurlem, a question remains: why did Sesa Goa create this huge dump instead of mining in a more sustainable way? The answer is that this is the most economical way for Sesa to mine. There is a continuous focus on costs in the entire group, and this drives crucial decisions.

The focus on cost has moulded Agarwal's approach in Goa as well as in Orissa. He has tried to restructure his businesses to find more cost efficiencies in 2012 to survive a bearish commodity market. According to Alexander Malkwitz, an AT Kearney Partner based in Dusseldorf, Germany: "The aluminium installed capacities the world over are enough to meet demand up to 2020. We see a glut developing. In iron ore the China demand is no longer as strong a determinant as it was."

Agarwal is fighting the crunch with a deft restructuring move. When he met *BT* in Mumbai on September 3, he spoke about his dream: to create a mineral resources major based out of India that can compare with the best in the world. "BHP is from Australia, Vale is from Brazil. India too must have its mineral resources major, for we have a similar geology."

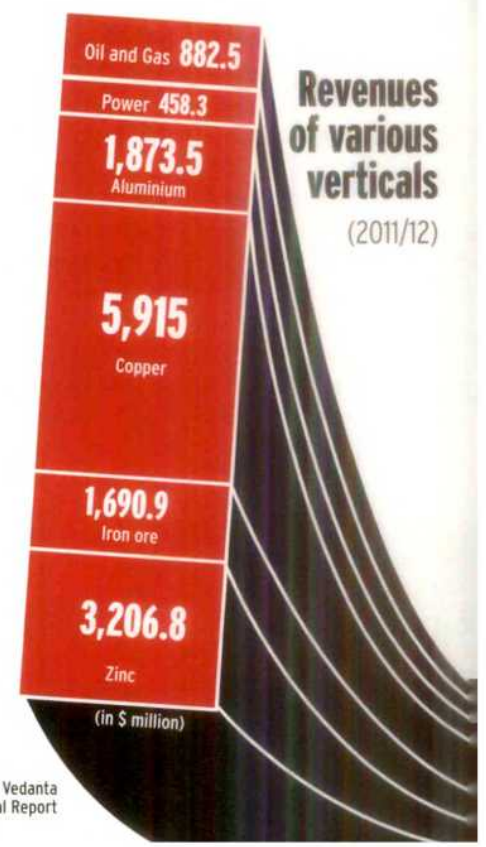
Agarwal's strategy is to be the lowest cost player in every segment he is in. He says: "The biggest advantage we have is that we are the lowest-cost producer – we produce the lowest-cost copper, we produce the lowest-cost aluminium, we produce the lowest-cost iron ore, we produce oil and gas at the lowest cost. I always use this phrase that everybody is going to die, but I am going to die last."

The Vedanta boss is creating a metals and minerals behemoth – the seventh largest in the world – in India through a mega merger. Sesa Sterlite. The merged entity will encompass the current businesses of Sterlite Industries, which include copper, aluminium, power, ports and infrastructure, the iron ore business of Sesa Goa, and will have subsidiaries such as Cairn India with its oil and gas operations and Hindustan Zinc's zinc-lead-silver business.

The merger will also allow cash flows to be deployed better as funds would be fungible. In addition, the merged entity will enjoy income tax and depreciation benefits, estimated to be around ₹1,000 crore.

"It is an institution that is being created. Vedanta is not going to remain a family (managed) company. I do not think my children are going to run this company," says Agarwal.

Sesa Sterlite, says Jain, Agarwal's right-hand man since the 1980s, can easily become India's second largest private sector company. According to a Vedanta press release, in the 12 months to December 2011, Sesa Sterlite (if it had existed as an entity)



Source: Vedanta Annual Report

would have generated revenues of ₹66,431 crore ($14.2 billion) and EBITDA of ₹24,953 crore ($5.3 billion), and would have a net debt of ₹36,936 crore ($7.5 billion).

However, the series of setbacks has taken a toll on the group. The Sesa Sterlite merger was announced on February 25, 2012. Sesa's market capitalisation has fallen by 22.65 per cent to ₹15,283.15 crore between February 24 and September 18 this year. Sterlite's market cap has fallen 14.12 per cent to ₹34,250.7 crore over the same period. And Vedanta Resources' share price on the London Stock Exchange has dropped 28 per cent to 1,080 pence in that time.

The merger, too, has faced its share of challenges. Institutional Investor Advisory Services, a proxy advisory firm, did not agree with the valuation of Vedanta Aluminium Ltd, which owns the Lanjigarh refinery and Jharsuguda smelter. Amit Tandon, Managing Director of IIAS and a former MD of Fitch India, says: "Vedanta Aluminium should be valued at nil, instead of at equity book value. The Cairn stake along with its debt has been valued at $1. The same thing should have been done with Vedanta Aluminium as it has negative equity value." He says Vedanta Resources benefited to the extent of ₹1,640 crore in the process.

The proposed Sesa Sterlite empire in India is running on two wheels right now: the zinc-lead-silver operation of Hindustan Zinc Ltd, currently the largest producer of zinc in the world, and Cairn India's oil and gas operations in Rajasthan. Hindustan Zinc produces zinc at $900 a tonne while international costs are around $2,000 a tonne. For financial year 2011/12 the company reported revenues of ₹11,405 crore and net profit of ₹5,526 crore. Vedanta owns a 64.9 per cent stake in HZL, which was formerly a PSU.

Cairn India, acquired in December 2011, is operating at $3 to $4 per barrel of crude, and enjoying good cash flows. The company reported a net profit of ₹7,938 crore in financial year 2011/12, on revenues of ₹11,860 crore, with an EBITDA of ₹9,254 crore.

After the merger, Sesa Sterlite would have a debt of $7.5 billion, of which $5.9 billion would have moved as a part of the merger process. Vedanta also has around $7 billion of cash reserves along with a consolidated debt of $10 billion.

Instead of using the cash to reduce its debt, the company proposes to use around $4 billion to buy the government's remaining stake in HZL (29.5 per cent) and BALCO (49 per cent). That would allow the group to have almost 95 per cent in HZL along with access to almost $3.5 billion of cash reserves.

"The key investor concern for Sesa Sterlite has been its ability to service a large debt obligation of $7.5 billion, especially considering that cash flows from the different busi-

RACHIT GOSWAMI

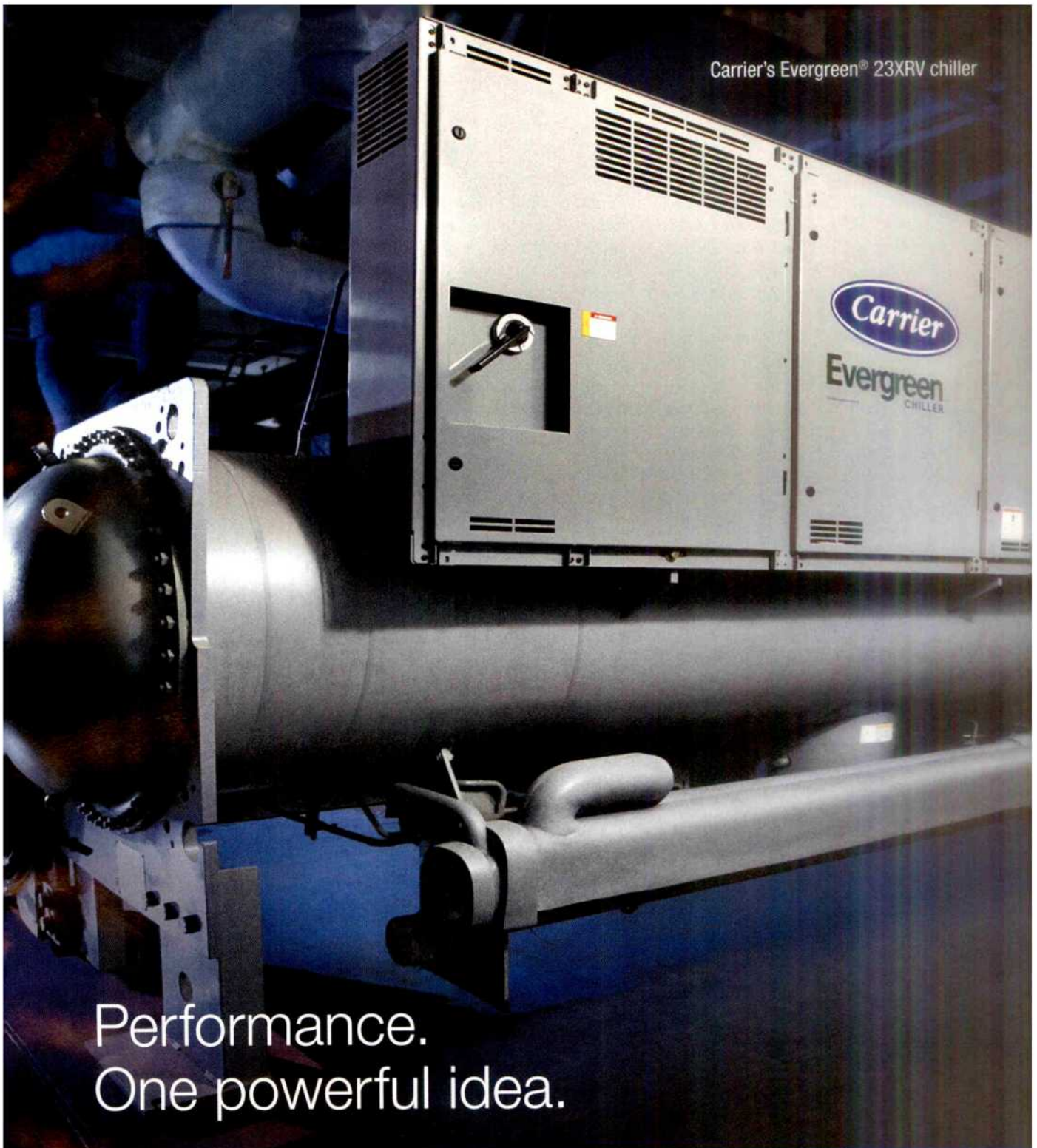
Tarun Jain, Sterlite CEO

"It will take us two years to get captive bauxite in Orissa. We are buying (bauxite) from outside. It is not economically viable. Every day is difficult..."

EBITDA OF TOP GLOBAL NATURAL RESOURCES COMPANIES

Figures in $billion for 2011

Source: Vedanta



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nesses are not strictly fungible currently," said Chirag Shah and Faisal Memon of Barclays India, in a report on August 25. "This is due to the fact that the cash generating entities of Cairn India and Hindustan Zinc are listed separately. A buyout of the government's stake (and subsequent minority buyout) for HZL would address this concern."

What is probably frustrating for the group is that the businesses that are entangled in crises are actually doing well. For instance, the copper smelter in Tuticorin has been working at full capacity. It has achieved "zero cost of production" (the cost incurred on producing copper is lower than the price of by-products such as sulphuric acid, phosphoric acid and silver). The plant enjoys 98.4 per cent copper recovery and is considered one of the lowest cost producers of copper in the world. This, despite the fact that it is not fully integrated, like other businesses. Sterlite does not own any copper mines in India and is predominantly a 'custom smelter'. It buys copper ore from the market and converts it into copper.

In 2009, considering the surging demand for the commodity, the group decided to double its smelting capacity in Tuticorin to 800,000 tonnes. "Indian copper demand is at present at 900,000 tonnes and expected to grow at seven to eight per cent every year. So, we planned to double capacity," explains CEO Ramnath. As soon as the group announced its plans, a petition was filed in 2009 in the Madras High Court against the expansion, which will now happen only if the court clears it.

In Orissa, Vedanta Aluminium had announced plans to double its Lanjigarh alumina refinery capacity to two million tonnes, apart from setting up another three million tonne refinery close by. The company has also unveiled plans to substantially expand the aluminium smelter at Korba (Chhattisgarh) and Jharsuguda (Orissa). However, effective utilisation of the smelters would again depend on availability of bauxite.

The group, though, is not giving up. It is pushing the Orissa government to supply bauxite from other mines. In February 2012 it also acquired a 24.5 per cent stake in Raykal, which was formerly a joint venture between L&T and Dubai Aluminium Company. This company has mining rights for bauxite close to Lanjigarh. "It will take us two years to get captive bauxite in Orissa," says Jain.

Today, Sesa faces its biggest risk in Goa. Claude Alvares, who heads the environmentalist group Goa Foundation, has been at the forefront of the anti-mining movement in Goa. He squarely blames the takeover of Sesa Goa by Vedanta in 2007 for the state's mining related woes. Of Agarwal, Alvares says: "His dreams have turned into Goa's nightmare."

P.K. Mukherjee, the company's managing director, who met *BT* in Panaji, points out that Sesa has won awards for its environmental management (it is the first mining company to get ISO14000 environmental certification and first iron ore company with a SA8000 certification for social accountability).

It is probably not fair to blame Agarwal for everything, as the

WHAT THE MERGER DOES FOR VEDANTA

- Brings cash flows under the same roof along with debt
- Enables scale and re-rating for lower interest rates
- Brings tax and depreciation benefits. Depreciating assets of subsidiaries will move to Sesa Sterlite
- Allows for efficiencies of scale in functions like human resources and finance
- Adds ₹1,000 crore in savings to the bottom line

SHEKHAR GHOSH

Oil's Well: Cairn India has increased production from its fields in Rajasthan

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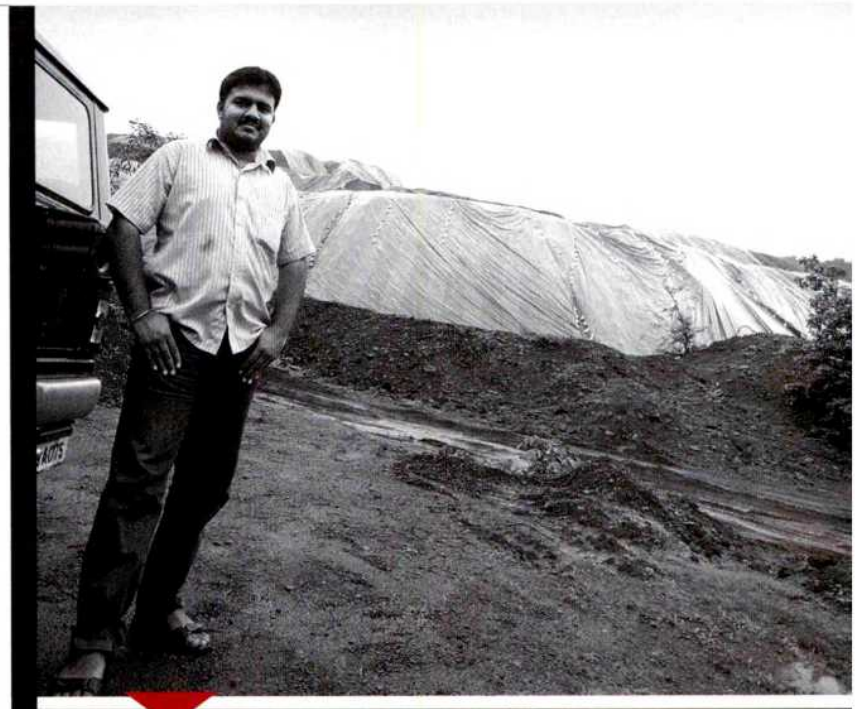
Chinese hunger for iron ore from India started around 2005/06, and all the mining companies in Goa geared up to meet the demand. The price of ore also shot up. From around $20 to $30 per tonne at the end of 2004, prices of ore with 62 per cent iron content jumped to $180 per tonne by 2010/11. Goan ore has less iron and is cheaper.

"The China factor became so lucrative that the Goa iron ore mining industry saw profitability unheard of in the past," says Ashim Bhuwania, MD with Ambit Corporate Finance, who advised the Dempo Group when it sold its iron ore mining business to Sesa Goa in 2009.

In fact, the iron ore mining industry has been in a sort of love-hate relationship with the Goan populace. It has offered trucking contracts to locals to give them a share of the profits that the industry makes exporting 40 to 50 million tonnes of iron ore every year, mostly to China (Sesa Goa had an EBITDA margin of 56 per cent in 2010/11 and 42 per cent in 2011/12). A Sesa transport contract is sought after in the interiors of Goa and often means easy money. The company is the largest iron ore miner in the state, accounting for around a third of iron ore raised in Goa in 2011/12. At full stretch, in 2010/11, it recorded an EBITDA of ₹5,206 crore.



Vijay Desai, Farmer in Pissurlem, Goa

"We have little option but to depend on the mining industry in Pissurlem. With the lack of groundwater, agriculture has no future here"

Based in London, Agarwal is somewhat removed from the grainy details of what is going wrong in India. His rise from being a scrap trader in Patna to becoming the promoter of Vedanta Resources, and one of the richest men in the world, is the stuff of corporate folklore. But today, that reputation is in danger.

In a report on Sesa Goa entitled 'Goa Carnival Cut Short,' Edelweiss Capital's Prasad Baji and Navin Sahadeo said on September 13 that it may take a year for mining to resume in Goa, and that the mining limits of Sesa Goa may be reduced to half its current production of around 16 million tonnes. The future of the copper business is in court and the aluminium business may have just turned uneconomical.

However, Agarwal has fresh goals in sight. He has travelled from Patna to Mumbai and from Mumbai to London. Africa could well be the next stop. He is investing in cheap and probably more efficient assets in Africa. His Zambia operations are set to double, offsetting copper woes in India. Vedanta has also invested in zinc in Namibia and South Africa, and it is investing in Liberian iron ore. With Sesa hampered, the Liberian investment may see more activity.

Cairn India has acquired a 60 per cent stake in a South African block with Petroleum Oil & Gas Corporation of South Africa, in an arrangement where Cairn will share in future investments in the block. The Vedanta Chairman says he foresees a future where 25 per cent of his revenues will come from Africa.

Agarwal has been a gypsy of sorts all his life – hunting for opportunities at the lowest end of the value chain. At 58, he says he is ready to start afresh – he has tried to re-brand Vedanta and re-orient its image in the past year, spending around ₹200-300 crore on corporate social responsibility initiatives.

Agarwal says he loves to teach university students – mainly to share his experiences and the story of his entrepreneurship with management graduates. He does that in India as well as abroad. "Youngsters today have no patience and want to become rich quickly," says Agarwal. He himself is ready to be patient. ◆

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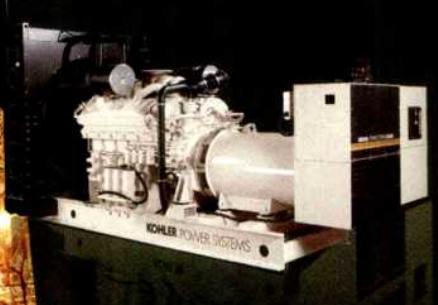

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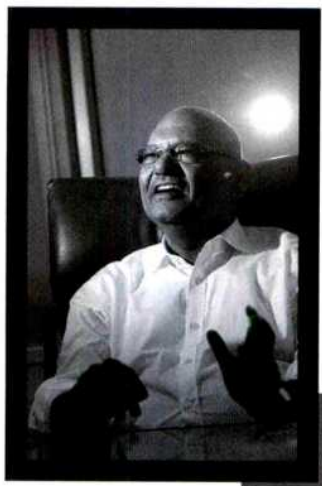

"Everybody is going to die, but I am going to die last"

He started out as a scrap trader in Patna. Today, with a personal fortune of $3.5 billion, **ANIL AGARWAL** *is one of the richest men in the world. Over the last three decades, he has transformed the Vedanta Group into a $14-billion minerals and metals conglomerate. He is now overseeing a mega merger of all its subsidiaries. However, his companies face challenges on a number of fronts in India, from scarce raw material to environmental hurdles.* **CHAITANYA KALBAG** *and* **SUMAN LAYAK** *spoke to him about these and many other issues. Edited excerpts:*

The Sesa and Sterlite merger is about to be consummated. How will this help you face the global commodities downturn?
India has one-fifth of the world's population. Each large country has its own natural resources company. BHP is from Australia, Vale is from Brazil... It is very important to show the world as Indians we can create a natural resource company. It is amazing. You have oil and gas, you have copper, zinc, iron ore – all the metals. It is just the tip of the iceberg.

There has been quite a controversy over the merger. Is it going to help shareholders?
The promoters have not gained anything. We have appointed the best of agencies to decide (valuations). Whenever large companies merge, there is always this question. But we have all the approvals of the majority to go ahead and merge the two companies. That is what we are doing.

Why did you go into so many areas that cause so much stress? Do you feel you made the right decisions?
It is how you look at it. Our business was mostly in the hands of the government. Now, it is moving forward. Twenty years back our sales were $1 million and today our EBITDA will be $10 billion.

Is the Indian government giving you enough support?
I think our democracy is under threat. We import 80 per cent of our oil. Only one company produces coal, that is Coal India. Energy security is again under threat. You know our geology is the same as Brazil and Australia and we produce about 30 per cent of the iron ore they produc Fifty per cent of whatever iron ore v produce goes to the government. V import so much gold, we have to p in as much effort for the explorati of gold. We have tremendous phc phates in the country. We have produce our own fertiliser. Vedanta we are focusing on explor tion so we can produce more.

You based your parent com pany in London several yea ago. Is that helping in India?
It was a well-thought-out decisio When we listed abroad, we instant got, in today's terms, ₹5,000 cro From then till now we have rais almost $20 billion, brought it back India, put it in this country.

What are your plans for Afric
We have a huge brand in Africa b cause of what we did in Zambia. W have the largest copper ore body Zambia, and at one time 25 to 30 p cent of GDP was from our compan In Zambia, we established ourselv and put half a billion dollars in o company. We also got the opport nity to be the largest company Namibia, which is a beautiful cou try. We have a zinc company ther and in South Africa again we have zinc company. Then we are going Liberia, where the government h invited us in iron ore. I think 25 p cent of our business will be in Afric

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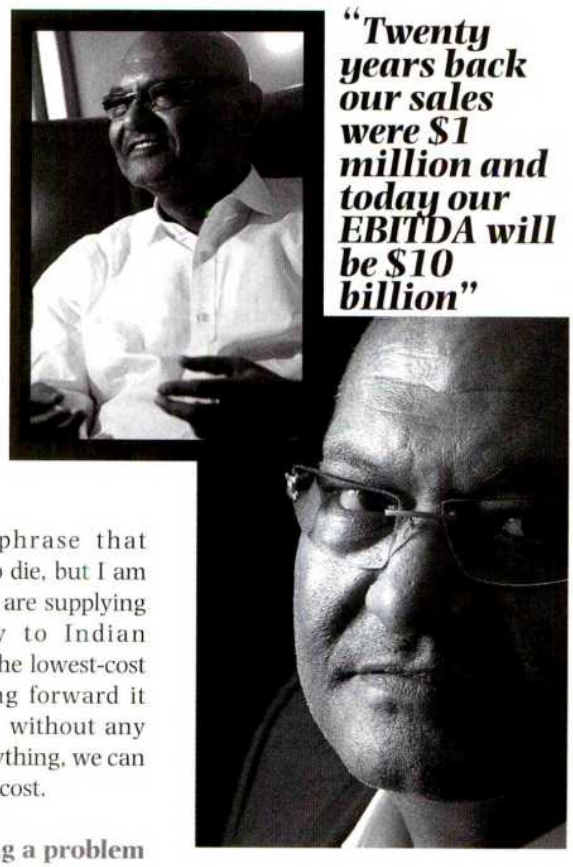
Will oil and gas dominate your businesses in the next three to four years?

No, it will be balancing. We will have aluminium, copper, zinc, and oil and gas. May be oil and gas will be 10 per cent more than the others.

What is your reading of the commodities market?

The market has moved down by 25 to 30 per cent and the biggest advantage we have is that we are the lowest-cost producer – we produce the lowest-cost copper, we produce the lowest-cost aluminium, we produce the lowest-cost iron ore, we produce oil and gas at the lowest cost. I always use this phrase that everybody is going to die, but I am going to die last. We are supplying our metal mostly to Indian consumers. We are the lowest-cost producers and going forward it shows that in India, without any support of duty or anything, we can produce at the lowest cost.



"Twenty years back our sales were $1 million and today our EBITDA will be $10 billion"

Mining is becoming a problem in Goa. Ecological issues are going to be very important...

Again, what we are doing is only 10 per cent of what (you will find is being done) if you go to Brazil and Australia. Australia is a green country, Canada is a green country. Everywhere you go, you can see the beach and water and they produce the largest amount of iron ore. You know it's a question mark again for our democracy. We have to move on, we can't remain poor forever, we can't keep on importing forever. Today we have all the technology to produce these metals in the most environmentally friendly manner.

You started very long ago in Patna. Do you still feel an emotional link to Bihar?

You see, the mindset has not changed. We still remain the same. But I belong to Bihar, I come from Bihar, I am very proud of my background. It is a beautiful state that is coming up very well. When I was there, Jharkhand and Bihar were one state. We always look at Bihar – where we can add value in terms of education. How can we serve the children, give them education and food? I am absolutely from Bihar and am proud to be a Bihari.

What about your family? Your daughter has recently joined the board of Cairn India...

It is an institution that is being created. Vedanta is not going to remain a family (managed) company. I do not think my children are going to run this company. It is an amazing company. The seed has been sown. Very powerful, oil and gas company, metals...this is an institution. We will make sure we get the best CEO, who has the vision, who has the technical aptitude.

What is your stretch target for your team by 2020?

Again, I am definitely not looking (at things) like that. Our business is a little different. You know it's like when you hand over to a geologist, he is like an artist. He goes and finds oil and he finds more and more oil. But we do not do it for greed. I am sure numbers are important, but numbers are by-products for this company. If we successfully discover more oil, it is a win-win for everybody. If we discover the gas well, why should we set a stretch target and make a mistake? It is better to leave it, and have competent people. I may be answering wrong but this is how I look at it.

Rajasthan had no oil and now it is suddenly producing so much oil.

And the fantastic part is that, when we took over the company, we were producing 125,000 barrels and with a plan to produce 175,000 barrels by 2014. The same people, we gave them a hug, we gave them passion and said you can do more. In no time – in three months – they started producing 175,000 barrels, reducing our import bill. When we can produce at $3 (a barrel) and we buy at $110 – and our hard-earned money is being sent out – it is not acceptable. So, let us put more effort.

Why did you decide to call this company Vedanta?

My mother's name is Ved. So, that was out of respect. Vedanta is not just an Indian name. It is ultimate knowledge.◆

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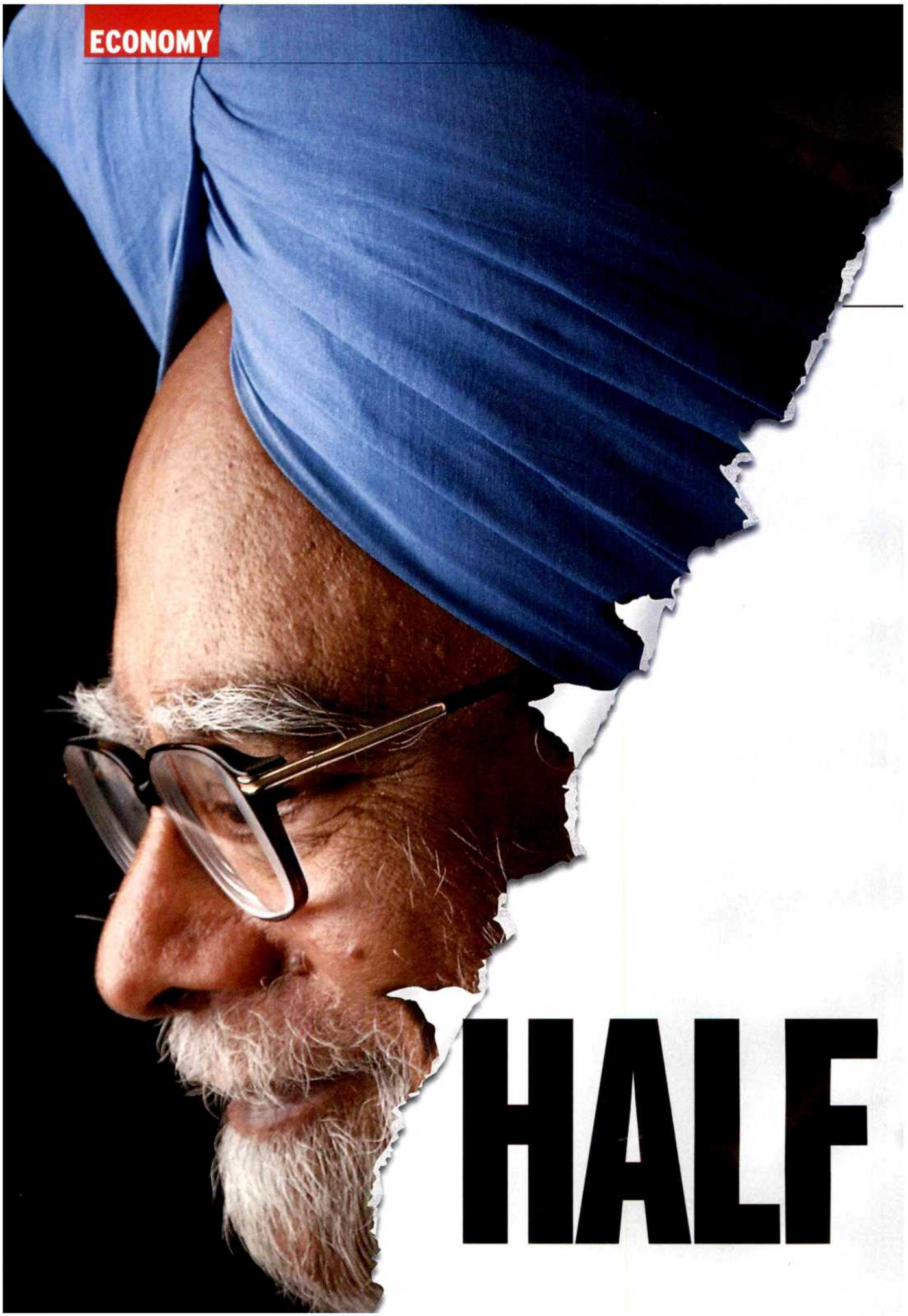

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Up to 51 per cent in multi-brand retail	Limited impact without supporting legislative changes, such as the introduction of GST
Up to 49 per cent by foreign airlines in Indian airlines	Paves the way for much-needed equity infusion into Indian carriers

MEASURES

Prime Minister Manmohan Singh may succeed in reviving business sentiment with his recent announcements but moving the needle on the economy will take a lot more doing. By TEAM BT

This was an economic cliff-hanger, and Manmohan Singh knows a thing or two about staring into the abyss. A disastrous Parliament session, a brewing divorce from a petulant partner, the bad odour of corruption, foot-dragging and stasis, sickly business sentiment and citizens sick of high prices had combined to drive India's government into a dark corner.

The ground finally began to move about two months after a new finance minister took charge, and it was clear the September 13-14 announcements on subsidies and foreign investment were the first broadside from a rejuvenated prime minister widely seen as having done little to arrest a sliding economy. Almost overnight, the critics have faded into the background with corporate India, economists and the media standing up to applaud the measures. Some even call it Reforms 2.0, a reference to the structural changes Singh himself uncorked in 1991.

The seed for the high octane announcements was sown about two months earlier. Singh and Congress president Sonia Gandhi flew to Assam together to assess the flood damage in the state towards the end of July. "From the time they left Delhi at about 8 am, to the time they returned at about 7.30 pm, the two spent a lot of time onboard discussing several issues, particularly reforms," says a senior government official, promising candour in return for anonymity.

Over the next few weeks, Singh persisted with his efforts to gain support. By end August, economic data bolstered his "now or never" argument within his Congress party. The economy had grown a modest 5.5 per cent in the April-June period, the second consecutive quarter of sub-six per cent growth. Growth this slow was last seen a decade ago.

Singh needed two more meetings to convince Gandhi. One in August after he returned from the Non-Aligned Movement summit in Tehran. And, the next one after the rowdy monsoon session of Parliament, where the Congress was on the defensive after government auditor Comptroller and

MANDEEP SINGH

A WAKE-UP CALL

Outlook worsens on India's foreign currency rating

RATING AGENCY	Dominion Bond Rating Service	Moody's Investors Service	Fitch Ratings
DATE OF RATING AFFIRMATION	August 6, 2012	June 25, 2012	June 15, 2012
FOREIGN CURRENCY RATING	★★★ BBB	★★★ BAA3	★★★ BBB
OUTLOOK ON INDIA'S SOVEREIGN RATING	Stable	Stable	Negative (lowered from stable)

★★★ Investment Grade

Auditor General's critical report on the allocation of coal blocks. Singh's urgency was no doubt also fuelled by the nadir to which his own image of integrity had sunk.

The clincher in the prime minister's pitch was his argument that without immediate action there would be not enough money to fund a proposed food security legislation. The food bill, which will cost up to ₹1.2 trillion (one trillion equals 100,000 crore) annually, is a plan cherished by Gandhi and her son Rahul. Several analysts agree with the Congress view that the food security law could be a plank on which the party could hold its own in an election – just like an employment guarantee scheme introduced in 2005, NREGA, helped it get re-elected in 2009.

Gandhi eventually gave her assent early in September. Within a few days, the United Progressive Alliance (UPA) government hiked the price of diesel by 12 per cent and created more space for foreign investment in contentious areas such as multi-brand retail, aviation and broadcasting. Fiats notifying the changes were issued within a week.

The firm resolve with which Singh and his Cabinet are moving is long overdue – and more announcements are promised in the weeks ahead – but the changes don't constitute a magic potion that will transform the economy overnight. While industry associations and corporate leaders have been applauding Singh, catch them in more reflective moments and they will tell you that the country needs further and deeper reforms alongside continuous political stability for the economy to rebound. "We need to have more," says Sanjiv Goenka, Chairman, RP-Sanjiv Goenka Group, echoing the view of some two dozen economists, financial experts and company CEOs *Business Today* spoke to. "Hopefully it is not too late."

5.4%
India's GDP growth in Jan to June 2012

So far, credit rating agencies, two of which – Fitch Ratings and Standard & Poor's – had lowered India's rating from 'stable' to 'negative' in recent months, have not yet rushed to applaud or to revise their view. "We don't see the reforms as sufficiently material in a way that would lead us to review our negative outlook on ratings," says Hong Kong-based Andrew Colquhoun,

"The icing on the cake would have been a stimulus through an interest rate cut and fiscal measures that wouldn't trigger demand-pulled inflationary pressures"
HARSH GOENKA, *Chairman, RPG Enterprises*

Source: Ministry of Finance

"Credit profile will benefit both from fiscal consolidation and growth enhancing structural reforms"

Andrew Colquhoun, Fitch Ratings

SHEKHAR GHOSH

Senior Director, Sovereigns, Fitch.

Others are only a few shades less pessimistic. "These measures have pulled the economy back from the brink," says D.K. Joshi, Senior Director and Chief Economist of rating agency Crisil. He adds that the steps taken would, indeed, shore up business sentiment and expand the pipeline of investments, but it would be a slow process given the uncertain global environment. "I see a potentially good 12 months under Prime Minister Singh and a crack economy team," says Glenn Levine, Senior Economist, Moody's Analytics, a research division that has no relation with the ratings teams at the agency. But he adds he is not yet revising his gross domestic product (GDP) growth forecast for India in 2012/13, which would remain at 5.5 per cent.

Banks and research units are equally circumspect. "It is a good signal," says Singapore-based Manoj Vohra, Research Head, Economist Intelligence Unit (EIU). But the EIU, too, has stuck so far to its earlier growth forecast for 2012/13, set at six per cent. It is the same story with Citigroup, which forecast 5.4 per cent growth for the same year. However, even after the announcement, Standard Chartered Bank has lowered its growth forecast for the same period from 6.2 to 5.4 per cent, concluding that the damage the economy had already suffered could not be reversed so soon. Standard & Poor's lowered its GDP forecast by one percentage point to 5.5 per cent on September 24, as part of a broader revision for Asia-Pacific economies.

Industry's Wish List

So, what more should be done to move the needle on the economy? "A host of things," says Kris Gopalakrishnan, Executive Chairman, Infosys. "Two of them are fast-tracking and executing infrastructure projects and implementing the goods and services tax (GST)."

India at present has a patchwork of indirect taxes, varying from state to state, which the GST seeks to replace with a single one, in effect creating a common market across the country. The difference in tax structure across states acts as a fiscal barrier between them and makes doing business more costly. Different bodies which have studied the subject, including the 13th Finance Commission, have all supported a uniform tax structure, estimating that it could add 0.9 to 1.7 per cent to the country's GDP. "FDI (in retail) will definitely allow us to become debt-free faster. But the real turning point for modern retail will be when GST comes in," says Kishore Biyani, Founder & Group CEO, Future Group.

Supporting legislative changes, alongside the GST, are also required

"It is a good start. We need to have more (reforms)"

SANJIV GOENKA, *Chairman, RP-Sanjiv Goenka Group*

VIVAN MEHRA

AVIATION

A Much-needed Boost

The government's decision to allow foreign airlines to own up to 49 per cent of Indian ones will benefit the aviation industry, but experts say a deal is unlikely soon, given weak balance sheets and structural challenges. The sector's debt totals around ₹75,000 crore, of which banks' exposure is some ₹40,000 crore.

"Lending sentiment will improve once bankers see some positive movement from foreign airlines," says Chokkalingam G., Executive Director and Chief Investment Officer, Centrum Wealth Management. Industry sources say leasing sentiment is likely to improve, too. Ramesh Vaidyanathan, Partner, Advaya Legal, says foreign direct investment could also increase transparency in granting landing slots and pilot licences.

Amber Dubey, Partner at KPMG, says airlines like Dubai's Emirates, which already flies to 10 Indian cities, may be keen on regional connectivity. So it would make sense for such airlines to buy into carriers such as SpiceJet, which connect smaller towns.

FDI could also boost new airlines. For instance, low-cost Malaysian airline AirAsia could partner with start-ups in India. It has done so in several Southeast Asian joint ventures, according to its India country head, Sunil Nair.

Advaya's Vaidyanathan, however, says most of the action will be among existing companies that are efficiently run and need cash. Kingfisher will be attractive only if valuations are cheap or debts are cleared. For a deal with Jet Airways and IndiGo, the promoter shareholding would have to be restructured. Many industry insiders say SpiceJet and GoAir are likely to benefit the most from foreign direct investment.

for the country to derive full benefit from the move to open up retail to foreign investment. Changes, for instance, are required in the Agricultural Produce Market Committee (APMC) Act, which governs the relationship between wholesalers – who sell through wholesale markets or *mandis* – and farmers. "The APMC does not allow retailers to source from farmers directly," says Ankur Bisen, Associate Vice President, Retail and Consumer Products, at management consulting firm Technopak.

Similarly, speeding up infrastructure projects requires, above all, the proposed new Land Acquisition Bill becoming law. Data from Centre for Monitoring Indian Economy shows that projects of around ₹4.9 trillion, about six per cent of the country's GDP, are currently stalled. A key reason, in many cases, is the promoter's inability to acquire the land required for them. The proposed bill has been referred to a group of ministers.

Passing the GST will require a constitutional amendment, which means it needs majority assent in both Houses of Parliament and support of two-thirds of members present at the time of voting. This, in turn, implies it cannot go through without the support of the main opposition party, the Bharatiya Janata Party. Ditto with the challenges of getting the amendment ratified by at least half the state assemblies.

Bringing in the new Land Acquisition Bill, too, will demand some Opposition support. And, while no opposition party is implacably opposed to either – as some of them are to FDI in retail, for instance

"We had stopped investing in our retail business because of the uncertainty about FDI. That will change now" ***VENUGOPAL DHOOT,*** *CMD, Videocon*

REFORMS INDIA NEEDS

– they have apprehensions about both which need to be tactfully allayed. The big question is: does the UPA government have the political capacity any more to undertake these and other big reforms, given the way it has been weakened and relations with the opposition parties soured since the recent lot of reforms were announced? The current deadline for implementing GST is April 2013. "I do not think it will be met," says Kavita Rao, Professor, National Institute of Public Finance and Policy.

The survival of the Congress-led government does not seem to be in question immediately, but it is no doubt more vulnerable to the demands and whims of its partners in the UPA coalition. Protesting both the diesel price hike and the entry of FDI in retail, the Trinamool Congress with 19 members of Parliament (MPs) quit the coalition, withdrawing its ministers, reducing the coalition's strength to 254 members in a House of 543. Currently, the minority UPA government survives with the "outside" support of the two leading Uttar Pradesh parties, the Samajwadi Party (SP) and the Bahujan Samaj Party (BSP), with 22 and 21 MPs, respectively, giving the UPA a total strength of 297. While the SP has roundly criticised the reforms, and lent its support to the September 20 Bharat Bandh called by the opposition parties against the decisions, it has also clarified it will continue to support the UPA. The BSP will only announce its decision after an executive committee on October 10. Both are rivals of the Congress in UP and have proved unreliable allies in the past.

REFORM
Goods and Services Tax

POTENTIAL IMPACT
Will create a common market by removing fiscal barriers between states

REFORM
New Land Acquisition Legislation

POTENTIAL IMPACT
Will replace a 19th century legislation that has emerged as a hurdle in industrialising India

REFORM
Restructuring State Electricity Boards' losses

POTENTIAL IMPACT
Will be a lifeline for boards and enable power sector reforms

REFORM
Fuel Supply Agreement between coal miners and power producers needs to be formalised

POTENTIAL IMPACT
Assured fuel supply for producers will lead to higher capacity utilisation of power generation assets

REFORM
Single window clearance for large projects

POTENTIAL IMPACT
It will provide timely clearances to projects, preventing needless delays

REFORM
Link price of administered fuels to international prices

POTENTIAL IMPACT
Freeing up diesel prices will go a long way in reducing subsidies

BJP MP and former finance minister Yashwant Sinha (see column) feels the Congress has tied itself up in knots by playing politics. "When we were in power, we had deregulated the prices of petrol and diesel in 2002, but this government reversed the decision when it came to power in 2004," he says. "Why has Manmohan Singh done this? Because in recent months, he came in for very shrill criticism from the Western media." Among others, *Time* magazine called Singh an "underachiever" on its cover, while *The Washington Post* labelled him a "tragic figure".

Deep Crisis

But that is hardly the only reason. As Singh emphasised in his television address to the nation on September 21, the economy is in serious trouble. He even invoked the crisis of 1991, which forced India to liberalise, to remind listeners of the conse-

"FDI will bring in not only dollars but also efficiency in the entire food supply chain. On a long-term basis, it should help correct even food inflation"
HARSH PATI SINGHANIA, *MD, JK Paper*

quences of further drift. "We are not in that situation now but we must act before people lose confidence in our economy," he said. "The world is not kind to those who don't tackle their own problems."

The problems are hardly a secret. The Indian economy grew by just 5.4 per cent in the first half of the current calendar year, against an average growth of 7.8 per cent in the past five financial years. The rupee has depreciated around 12 per cent against the dollar in the past year, while the current account deficit – the excess of imports over exports – hit a record 4.2 per cent of GDP in 2011/12. In the past few quarters, fresh investments have been tapering off. Fixed capital formation grew a measly 0.65 per cent in the April to June quarter of 2012/13. In the preceding quarter, it had grown a modest 3.61 per cent, and in the quarter before that had actually contracted by 0.1 per cent. Meanwhile, direct tax collections grew just 6.52 per cent in the April to August period, with corporate tax collections rising a measly 0.15 per cent.

Most of all, the fiscal deficit for the current fiscal year has been estimated at ₹5.13 trillion, or 5.1 per cent of the economy. No less a person than Finance Minister P. Chidambaram has indicated that it may ultimately turn out to be higher. Not surprisingly, given the deficit – bridged by borrowing – inflation refuses to be tamed. So long as inflation remains high, the Reserve Bank of India remains reluctant to reduce interest rates, which, in turn, may well be affecting growth. Lowered rates alone can pull in investment and create the 50 million non-farm jobs the Planning Commission has targeted for the 12th Five-Year Plan from 2012 to 2017.

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

Leg-up: Several global retail chains are looking to enter India

It is hardly a coincidence that in the week following the reforms' announcement, the rupee gained 93 paise against the dollar. The diesel price hike – whatever its short-term inflationary impact – is expected to save the government around ₹15,000 crore a year. Indeed, tackling the deficit will make all the difference. "Once we lay out the path of fiscal consolidation, and it is a credible path, the RBI will be far more supportive to growth," Chidambaram told a meeting of the Planning Commission on September 15. India's credit profile, too, could improve subsequently. "Credit profile will benefit both from fiscal consolidation and growth enhancing structural reforms," says Fitch Ratings' Colquhoun.

FDI In Retail

What will be the impact of the most contentious decision – allowing 51 per cent FDI in multi-brand retail? The pros and cons of the step have been debated *ad nauseam* for years. To its opponents, it means the death of mom-and-pop stores, and no amount of argument will convince them otherwise. Even so, with the Rubicon now crossed, support for the move is coming from stakeholders such as farmers. "FDI in retail will help the farmer, cutting down wastage, and link the buyer with the producer," says Chengal Reddy, Secretary General, Consortium of Indian Farmers Association. Others such as farmers grouping Bharat Krishak Samaj, too, support FDI in retail. This direct linkage between

"It is unfortunate that in this country people do not put good economic decisions ahead of minor political considerations. I am surprised that some political parties are opposing it. It is a shame" ***ADI GODREJ,*** *Chairman, Godrej Industries*

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IN LIMBO

Sectors worst hit by policy inertia

₹4.90 trillion: The total value of projects stuck

SHEKHAR GHOSH

Roadblock: Poor infrastructure is weighing down the Indian economy

global chains and farmers, cutting out middlemen, is expected to stem inflationary pressures in the economy, and also improve agri-commodity management.

A number of global retail chains have already shown keen interest in entering India. The US's J.C. Penney has set up sourcing operations here. Others said to be interested in India include France's Groupé Casio, UK's Sainsbury's, Germany's Lidl and The Netherlands' Royal. "Along with food and grocery, the three big categories where we are likely to see significant interest are pharmacy, home and furniture and durable and electronics," says Raghav Gupta, Principal, Booz & Co. Walmart, which already has a joint venture with Bharti Retail for back-end supply chain management operations in India, is likely to step up its presence further. But many others are still assessing the situation, since the final decision rests with the states, and opposition-ruled states are almost certain to keep the global chains out.

What the government – and the rest of us in the world's third-largest economy by buying power – can best bank on is that the bold changes it is making will turn the sentiment in the economy. This coupled with clearances for mega projects could boost capital investments and push growth. That may take a few quarters to show up but, to paraphrase Singh, late is better than never. ◆

(By Sanjiv Shankaran, Sebastian P.T., Anusha Subramanian, Shamni Pande, Geetanjali Shukla and Anilesh S. Mahajan)

"FDI in India's airlines will open up new possibilities. Ideally, this should have come 30 years ago" **G.R. GOPINATH,** *Chairman, Deccan Charters*

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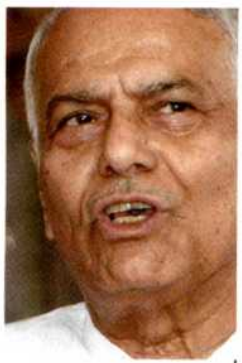

YASHWANT SINHA

Physician, Heal Thyself

Every economic decision has to take into account the prevailing circumstances. If we look at the prevailing context today, what do we find? Prices are rising, especially food prices and retail prices, which touch the life of the 'aam aadmi'. This is the most important problem in the economy for the last three to four years. And it has led to a number of other things such as the monetary policy stance of the Reserve Bank of India (RBI), which has had its own consequences for the economy.

Now, if you look at inflation as the starting point of anything you want to do, you should not be raising diesel prices. Because when you do that – by a whopping ₹5 per litre – you have to take into account the consequences, the cascading effect that this will have on prices across the board. So, by taking this step you are actually compounding the problem. Then, why are you taking the step on LPG? Because you want to reduce the fiscal deficit. But this burden cannot be reduced by a single step.

The people of India expect the government to first tighten its own belt before it gives them pain. What has the government done to curtail expenditure? Nothing much. It should have sent out a clear signal on belt tightening. It should be seen in practice. That has not accompanied the transfer of pain to the people.

As far as the government is concerned, it is business as usual. There is no pain for the government, only pain for the people. And this is clearly not acceptable to the people.

If the government cuts its expenditure drastically, especially the revenue part of the expenditure on the Plan and non-Plan side, there would be a message to the people that the economic situation calls for drastic steps. Now, there is no statement from the government which says that we are in a problem. The establishment says that everything is hunky dory and we are set to grow by 8.2 per cent in the 12th Plan and we will soon get over the current difficulty. It blames the difficulties on a small country called Greece. This is something nobody is prepared to buy.

We (the BJP-led National Democratic Alliance) had deregulated the prices of petrol and diesel from April 1, 2002. This government came to power in May 2004 and immediately reversed that decision and it came under government control again. Once it became government-controlled, politics came into play. Instead of the prices of these products going up by 80 paise or ₹1, or getting reduced by 50 paise or 20 paise every fortnight, they wait, wait and wait, until the burden becomes unbearable. Then you give the hammer blow of ₹5. This is what they did with petrol also. This is not the way to go about it. If it had been done in small doses, then probably the opposition would not have been so great.

And they should be upfront about it. They did not do it when Parliament was in session. It is not an economic decision. It is politics. And everybody understands this. And it is a double blow – apart from diesel prices, LPG cylinder prices have gone up by ₹175 per cylinder, even if you count the subsidised six cylinders. It means ₹2,000 or so more per

Any step with regard to economic reforms has to be acceptable to the people. If it is not acceptable, it will not be durable

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year for a middle class family, which is not a small burden.

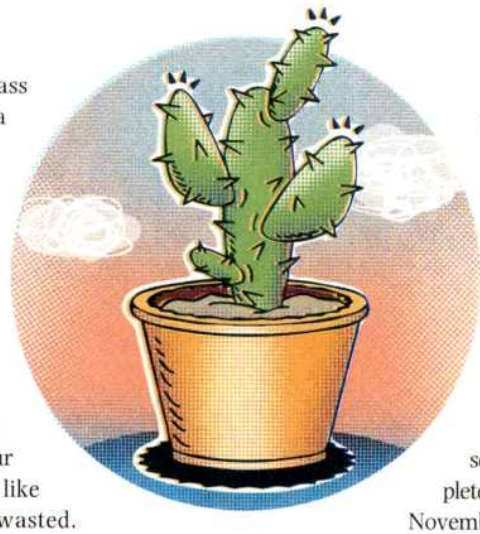
The other issue is foreign direct investment (FDI) in retail, which is being touted as a great reform. What is wrong with our retail system – it is leading to some 40 per cent of our perishable products, like vegetables, getting wasted. This will introduce modern marketing methods and prevent this loss from taking place. But, we have permitted 100 per cent FDI in the food processing sector through the automatic route. The government expected something like $25 billion to flow into the sector by 2014. We are in 2012 and we have figures up to 2009, which showed only about $325 million has come into this sector by way of FDI. That shows the lack of interest.

There are many things that are discussed in government, and we are being accused of changing our position. And people are warning us that this militates against the urban middle class and they will vote against the BJP in the coming election. We lost all the seven seats in Delhi in 2004, despite our impressive record on reforms. So, they don't understand the dynamics of elections. And they hold forth on such issues.

The final point I would like to make is that we are a democratic polity and any step with regard to economic reforms has to be acceptable to the people. If it is not acceptable, then it will not be durable. Either the next government will change it or you will be forced to change it yourself. In order to make them endure, you have to take the people along. The Congress is not taking its own allies into confidence, much less other political parties, which is what (former finance minister) Pranab Mukherjee had promised.

The priority for any government today is to reduce expenditure. Let's not forget that I introduced the concept of fiscal discipline in my interim Budget speech of 1991, a fact which has been forgotten.

The government of the day and many people in the media and business have come to identify economic reforms only with FDI



I was going through a report on the ₹40,000 crore MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act). This was the standing committee on finance report. Only four per cent of MGNREGA schemes have been completed, only four per cent till November 2010. This was the figure made available by the Planning Commission. In my district, I know from the figures supplied by the district administration that 99 per cent of the job card holders don't get 100 days employment.

Thus, ₹40,000 crore is just going down the drain in the name of creating employment. And no employment guarantee is being created because a person who works with his hands, who engages in manual labour, is not going to drag the district administration to court for not providing him employment. There has hardly been any case where this legal right has been availed of by anyone.

So, we are designing a scheme that has no meaning and all this money is being wasted. If we release so much wasteful money into the system, it is bound to have an impact on inflation. There is no way in which you can stop inflation. There are other issues of quality of expenditure of the government that need to be looked at.

Why did I appoint the expenditure commission? In order to advise the government on the quality of expenditure. In all the nine budgets of the UPA so far, there is not a word about the quality of expenditure.

Finally, the government of the day and many people in the media and business have come to identify economic reforms with FDI alone. If you permit FDI in this sector or that sector then you are a great reformer. But if you build rural roads, issue kisan credit cards, arrange for godowns in rural areas, you are not a reformer. These vital actions never make headlines. ◆

As told to Sanjiv Shankaran

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SAMIR K. BARUA

'Coalgate' Response Shames Us All

There has been a nationwide uproar since the Comptroller and Auditor General's report on allocation of coal blocks was tabled in Parliament on August 17. In the eye of the storm is the windfall of financial benefits, estimated at ₹1,86,000 crore, transferred to a clutch of private businesses through the allocation. The government's response has been clumsy and ludicrous. It first argued that gifting buried treasure to private businesses cannot be regarded as loss till the buried treasure had been extracted and encashed. When it became known that in several cases such extraction and encashment had indeed happened, a senior minister, perhaps inadvertently, said that since the public does not have an elephantine memory, Coalgate, too, would be forgotten in course of time. He added that the government in the meantime should merely appear to do something to ride out the storm till public interest wanes. How long will we survive as a nation if electoral math and manipulation of public opinion are the only basis for decisions, and responses to blatant acts of corruption?

CAG's Flawed Assessment

The assessed loss by CAG is sensationally large. A closer examination of the methodology reveals that it suffers from very basic limitations. It does not take into account: (a) the investments that will be needed to extract coal, (b) the fact that the benefits will be realised over decades of operation of the mines. If these two corrections are made, the estimated value of the losse would be closer to about 40 per cent of th figure computed by CAG. As to why the CA should have committed such basic errors i assessment is unclear. It certainly canno be due to incompetence!

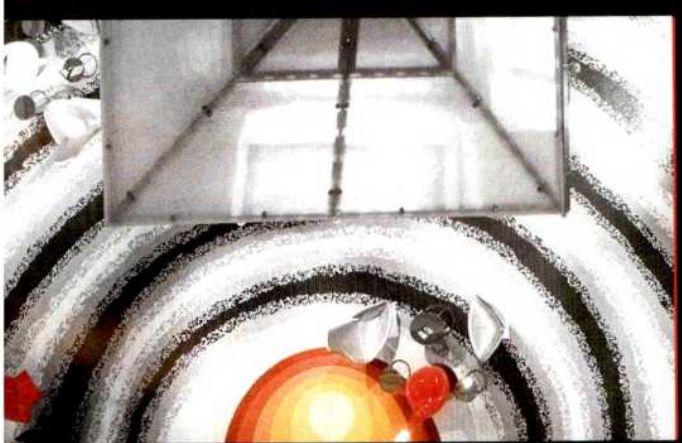
Parliament is certainly the most impor tant institution in a democracy. How di the venerable elected representatives of th people respond? Parliament had to be shu down. It will be tempting to blame just on political party for obstructing the function ing of Parliament. However, given the in volvement of politicians from across a spectrum of political parties i Coalgate, there is no rea son to disbelieve the al legation voiced i several quarter that there wa tacit support fron most political par ties for stallin the proceedings o Parliament. Th closing of rank across political par ties was evident i what happened Perhaps the belief articu lated by the senior ministe that public memory is transient an that the matter will finally fade out of th headlines may have been the thinking be hind not letting any debate take place i Parliament.

The time has come for the nation to ask whether these are the representatives of the people who will fulfil India's "tryst with destiny". Is this how "the soul of a nation long suppressed" will "find utterance"? (Al quotes are from Pandit Jawaharlal Nehru's speech in Parliament on the eve of India's independence.)

If corrections are made, the estimated value of the losses will be closer to 40 per cent of the figure computed by CAG

Le MERIDIEN

A NEW PERSPECTIVE



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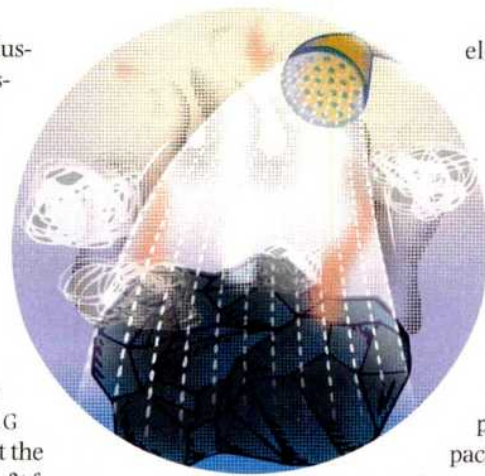

The silence of industry leaders and industry associations has been deafening as well. The reasons are not far to seek. The list of beneficiaries from Coalgate includes the who's who of Indian industry. One line of defence against the CAG charges has been that the government will benefit from the cess, levies and taxes on the operations and the income tax on the profits of the businesses that use the coal gifted to them. Why then should anyone complain about the allocations and the windfall profits? The logic is preposterous. Isn't everyone willing to earn super-normal income/profits even if 40 per cent of such income/profits go back to the government as cess, levies and taxes? Some of the captains of industry, who never tire of criticising the government for the subsidies meant for the poor, stand exposed by the scam. Loot by the rich is passé since it is in the service of the nation.

A vibrant democracy requires an upright and uncompromising bureaucracy that ensures institutions function on principles of good governance. Unfortunately, we may have yet again witnessed some bureaucrats buckling under pressure from their political masters. The pattern of allocations demonstrates yet again a cavalier disregard for ethics and probity in administrative decision making. Rather than resisting attempts to exploit national assets for private gain, the bureaucracy sometimes becomes complicit in helping the process of rent extraction by private parties.

It may be instructive to step back and examine the reasons that led to Coalgate. All of us are aware of the crisis in the power sector from our daily experience of load shedding. Despite several attempts, the government has simply not been able to reform the power sector. The solution proposed by the policy makers was to significantly and quickly enhance the capacity for electricity generation (though there are other cheaper options to deal with the problem). The idea of allocation of coal blocks essentially to power producers was mooted to encourage private businesses to set up power generation capacity. However, an effective mechanism to monitor timely implementation of projects and usage of coal for specified purposes only, was not put in place. In addition, while allocating coal blocks for power generation, they were also allocated for production of steel, cement and aluminium – commodities that are free from any controls.

There is no justification for gifting coal blocks for production of commodities that are freely priced and distributed

The Way Forward

There is no justification for gifting coal blocks for production of commodities that are freely priced and distributed. Such allottees should be asked to pay the economic value of the allotted blocks. The allocations to power generation units that have contracted to supply power to power distribution companies at competitively bid rates through long-term power purchase agreements (PPAs) may be justified as the benefits from low-cost coal would be reflected in low cost of electricity. However, there is need to ensure that the electricity rates are not re-negotiated upwards from the competitively bid rates and that the projects are implemented as per agreed schedule. Or else, appropriate penalties must be imposed on such allottees.

'Coalgate' has yet again demonstrated the rampant misuse of power to help rent extraction by private agencies through access to and ownership of national assets.

We must act decisively and punish the guilty irrespective of the patronage they enjoy to reiterate our faith in the rule of law. ◆

The author is Director, IIM Ahmedabad

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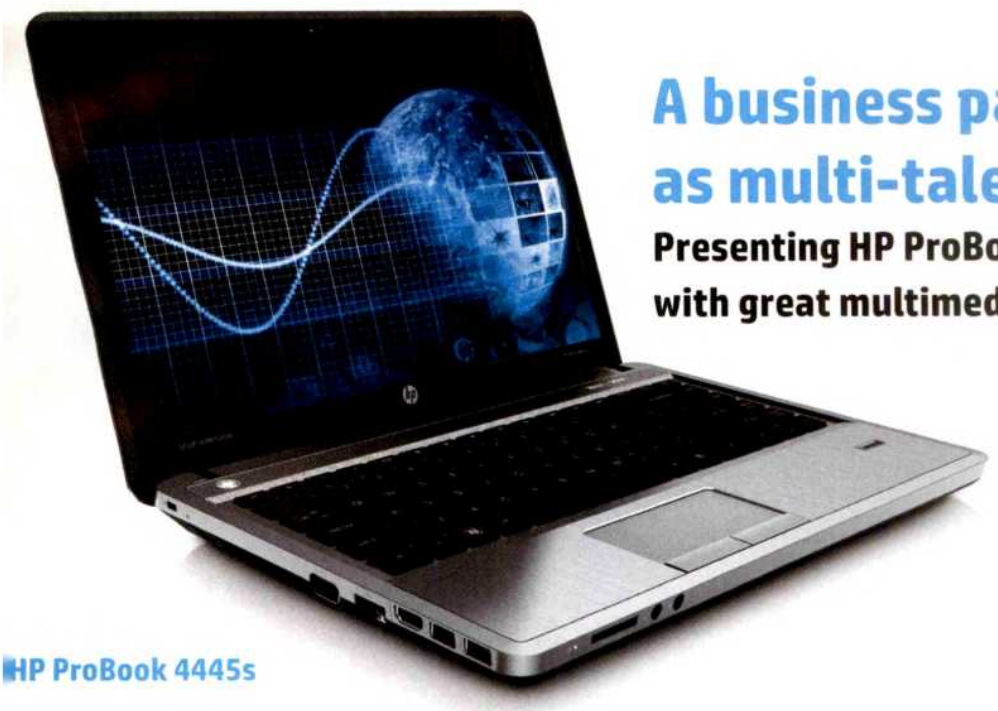

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SPECIAL ISSUE ON STANDS ON 10TH OCTOBER 2012

business today
FOR MANAGING TOMORROW

The Most Powerful Women in Indian Business

BT's ninth annual celebration of the achievements of Indian women at the workplace

It doesn't matter who you are, where you come from. The ability to triumph begins with you.
–Oprah Winfrey

In less than four decades the Indian workplace has been transformed. Male bastions have been breached, glass ceilings have been shattered. There is hardly a professional preserve left that women have not entered. Each passing year more women are getting to the top than ever before. *Business Today's* ninth listing of Most Powerful Women in Indian Business is our annual celebration of this trend. We highlight the achievements of 25 women who have performed the best, who have blazed new trails and set examples for thousands of others to follow.

A burst of entrepreneurial energy is also visible. Many women too are preferring to strike out on their own rather than seek employment. This year's celebratory package includes a feature on five unusual women who overcame difficult circumstances to follow their entrepreneurial dreams.

The package opens with a section called Hall of Fame, begun last year to celebrate women who made it to the Most Powerful Women list at least seven times. Last year we featured six such women – HSBC India Country Head Naina Lal Kidwai, Axis Bank CEO Shikha Sharma, Biocon Chairman and Managing Director Kiran Mazumdar-Shaw, TAFE Chairman Mallika Srinivasan, Piramal Healthcare Vice Chairperson Swati Piramal and ICICI Bank CEO Chanda Kochhar. With this year's listing, another four make the grade: Apollo Hospitals Managing Director Preetha Reddy, JP Morgan India CEO Kalpana Morparia, Managing Partner, AZB & Partners, Zia Mody, and Hindustan Times Group Chairperson and Editorial Director Shobhana Bhartia. All four recount, in their own words, the breakthrough moments of their careers.

PREETHA REDDY
Managing Director, Apollo Hospitals

On Par with the World's Best

The primary responsibility of a health-care provider is to offer uncompromised clinical excellence to patients. To achieve that, we at Apollo Hospitals embarked, about six years ago, on a mission to get accreditation from Joint Commission International, US. The accreditation is a beacon for patient safety and quality improvement in the global health-care community.

At the time, no other hospital in India Asia had even attempted to get this accreditation. We went for it nevertheless, and it was a big decision. At Apollo Hospitals, such critical decisions are taken jointly by the top management. I had championed this particular policy decision and, quite evidently, it had my total commitment. This was clearly my breakthrough moment.

The accreditation process required a realignment of many processes and a new training regimen. All the processes moved to a model of outcome measurement. In 2008, Indraprastha Apollo Hospitals, New Delhi, became the first hospital in India and South Asia to get this coveted accreditation. This was clearly my breakthrough moment. Today, seven of our hospitals have this gold standard.

The accreditation has been pivotal in helping Apollo earn the trust of patients who come from 120 countries. It also helped in our emergence as the foremost integrated health-care provider in Asia with 5,888 owned and 2,388 managed beds across 36 owned and 14 managed hospitals (as of March 2012).

In revenue terms, we have been growing over 20 per cent year-on-year. In 2011/12, our revenue stood at ₹3,147.50 crore, and profit after tax at ₹219.40 crore. On a typical day at the Apollo hospitals, there are 7,000 admissions, 6,000 out patients, 200 critical-care cases, 120 cardiac procedures, 50 neuro surgeries, 400 dialysis and 40,000 laboratory tests. These numbers underscore the trust that our patients repose in us. The accreditation helped us imbue a culture of rigorous standards of care and in earning the trust of patients well beyond our shores.

Today, many hospitals in India have followed us and got themselves accredited. This has been immensely satisfying as a pioneering step taken by Apollo is once again impacting the standards of health care across India.

(AS TOLD TO N. MADHAVAN)

www.businesstoday.in/mpw2012-halloffame

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KALPANA MORPARIA
CEO, JPMorgan India

Life's Always Been Work

The big turning point in my career was when I joined ICICI Ltd in 1975. That led to the complete transformation of an individual who, until then, had no purpose to life and had to be pushed through school and even college, be it my graduation or my training in law. The ICICI job put me on the path to a corporate career.

I started as a lawyer at ICICI, which then carried its full name, the Industrial Credit and Investment Corporation of India. We used to undertake corporate financing, from grassroots' level projects to expansion and diversification. After four to five years, my role was extended to cover funding for ICICI in domestic and international markets.

Another important turning point came in the mid-1990s when K.V. Kamath took over as CEO and Managing Director of ICICI. Kamath was responsible for promoting me from a corporate lawyer to a corporate leader. The post-1990 liberalisation period was one of the most exciting periods for ICICI in particular and the financial services sector in general. Kamath asked me to head the treasury department, where I was involved in resource mobilisation. We also had to become customer-focused and look for innovative ways of financing.

A hallmark was the listing of ICICI on the New York Stock Exchange in 1999. We were the first financial company from Asia – barring Japan – to list there. After ICICI, ICICI Bank too listed on the NYSE in 2000. Then there was ICICI's reverse merger with ICICI Bank in 2002. I also remember Dabhol Power's restructuring in 2004/05, which was another high point of my career.

I was truly blessed to have been given the opportunity of spending more than three decades in the ICICI Group, because the story of ICICI is interwoven with the story of India's financial sector liberalisation. Being an integral part of the ICICI team gave me a great opportunity to play a small part in the financial sector's evolution in India.

The third transformational event occurred in September 2008, when everyone including myself thought that after 33 years in the financial services sector I would hang up my boots and live a semi-retired life as an advisor. Out of the blue, I received this offer from JPMorgan. This was again one of the great turns of fate that I joined a great organisation like JPMorgan.

Despite all the negative clouds you see today in the country, I believe in the great growth story of India. JPMorgan is extremely focused on serving its clients in India.

My life is all about the time I spent at work. I strongly believe that if you really want something to happen, you can make it happen. I have spent 38 years working in two large, much-respected organisations. I have thoroughly enjoyed myself. I do not care for all this debate about work-life balance because, for me, life has always been work! I am a great believer in gender equality. One of my greatest joys has been the wonderful people I have interacted with, some of whom I have mentored in my professional life.

(AS TOLD TO ANAND ADHIKARI)

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ZIA MODY
Managing Partner, AZB & Partners

Storming a Male Bastion

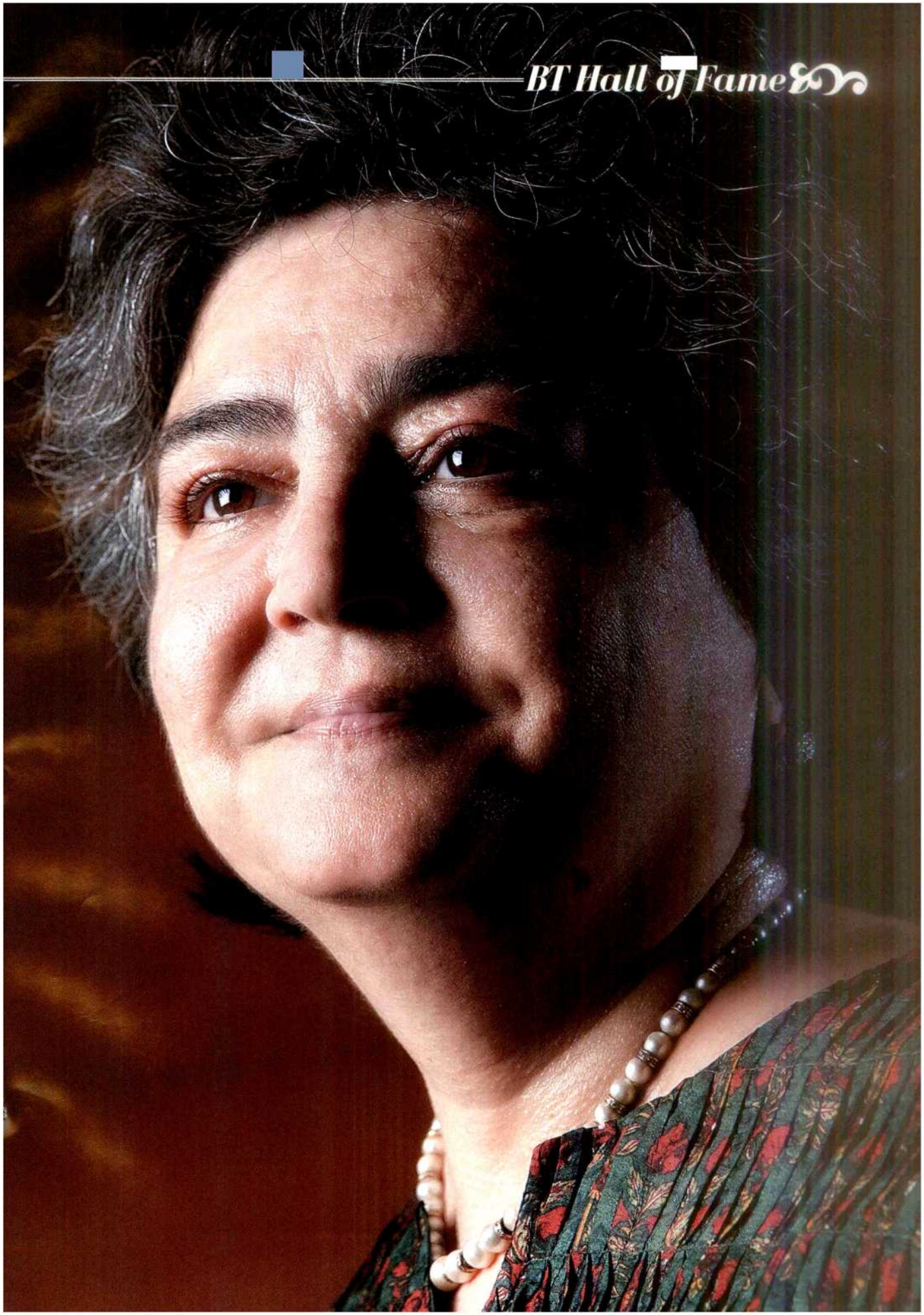
I came back from America in 1983. I was working in New York with the world's largest law firm, Baker & McKenzie. My parents told me it was time to wind my way back home. Soon after coming back, in 1984, I got married. As a young junior barrister, I started my practice at the Bombay High Court under Obed Chinoy, who was a senior counsel. It was difficult – especially for a young woman in a male-dominated profession. I felt quite diffident and it was tough to make one's presence felt. The only way to do that was to be able to argue in court, but very few clients wanted a young woman junior lawyer to argue their cases.

At that time an NGO, the Bombay Environmental Action Group, decided to file cases against floor space index violation by some builders. Prominent buildings such as Pratibha and Om Chambers (in south Mumbai) were involved. The NGO had no money and Shyam Chainani, who led the effort, decided to work with junior lawyers like me. We worked for free, collaborating with Chainani and Manek Davar, an unflinching journalist who is now a reputed publisher.

There were a few other junior lawyers like me who took up these cases and we got to argue in the court on behalf of the NGO. There were very senior lawyers on the other side. We won all the cases. Eight floors of Pratibha were ordered to be demolished. This gave me the confidence to argue cases, and I would count it as my big breakthrough.

There was a second breakthrough in my career when I decided to slow down and move out of counsel practice to become a corporate lawyer in the mid-1990s. India had opened up and investment laws were being developed and we were growing with it. It took me back to my training at Baker & McKenzie. I started a small proprietorship called Chambers of Zia Mody around 1995 with a few but fabulous lawyers. Later it morphed into AZB & Partners and we started advising on overseas deals. Our first big overseas deal was when Tata Steel bought the Singapore-based Nat Steel, and then we also advised the Tatas when they bought Daewoo's truck manufacturing assets in Korea. We continued to advise the Tatas in subsequent deals.

For me, re-calibrating myself from a counsel into an M&A (mergers and acquisitions) lawyer was also a personal breakthrough. Many of the team members who were with us when we started off together are still with us. I did miss all the excitement of the courtroom in the beginning. Winning a case in court is the biggest adrenalin boost one can get. I still try to derive it by osmosis when we are involved in litigation and our litigation lawyers come back all excited after a day in court. This metamorphosis also occurred alongside a personal transformation – from being a singleton in New York to coming back, marrying a wonderful husband and having three beautiful daughters. The personal change was also a key element in my success.



SHOBHANA BHARTIA
Chairperson and Editorial Director, Hindustan Times Group

Reading the Fine Print

The media was the one business, of the many my family was involved with, which really fascinated me. From an early age, I would come up with ideas for our newspaper *Hindustan Times*. I would bounce these off my father, K.K. Birla. He realised my passion. But to convince him that I could lead a newspaper took a lot of hard work. I did not walk into an empowered position in HT Media Ltd right away. I worked my way through different aspects of the business for several years. I first became director, then executive director, and much later vice chairperson. It was after my father passed away that I took over as chairperson.

My biggest challenge did not have to do with gender. It is true there were few women in the media when I joined it. That did present some challenges. But that was the norm in every industry those days. The bigger challenge was to understand the nuances of the media, which was going through a metamorphosis at the time. As the liberalisation process got underway, a new middle class emerged. With a surge in consumerism in this class, the media became a very vibrant place. New kinds of advertising emerged, a departure from the past when publications depended heavily on government ads.

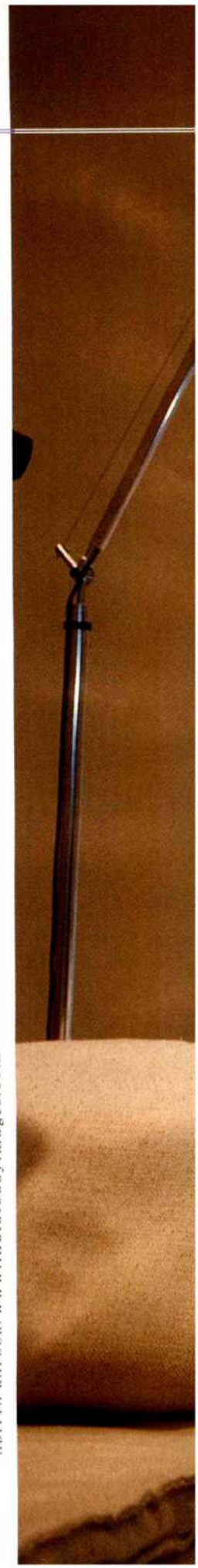
The next main challenge was to re-orient the company as a profitable, professional and consumer-focused one. *HT* had a legacy issue in that it was a potent nationalist organ during the freedom struggle. It was at Mahatma Gandhi's behest that my grandfather started the newspaper, and it was Gandhiji's son Devadas Gandhi who was our first editor. The paper had a very patriotic flavour; the profit motive was only secondary. After Independence, the paper's focus had to change. It had to find a new *raison d'être*. It had to be turned into a product that would engage with consumers and retain them as readers. This had to be in sync with the rapidly changing dynamics of the country. We could not afford to rest on our laurels.

When I was really empowered, my first task was to set up a team of professional managers. At the time, the media had few people specialising in the sector. I had to look to other industries for talent. My senior management largely comes from the consumer goods sector.

A media platform is no different from any other product. You have to identify the demographic profile you want to cater to, what kind of product that segment is looking for and then package it accordingly.

I want to benchmark *HT* with the best in the world. My work ethic and inspiration comes from my parents, my ideal of what I want *HT* to be comes from *The Washington Post*. In 1984/85, I spent time at *The Post's* offices in the US to understand how they functioned. We borrowed resources from them and have tried to incorporate their best practices.

The company's transformation – from a Delhi-centric paper to a vibrant multimedia company – has been immensely fulfilling. Very often, things do not go according to plan. This is why you have to keep benchmarking yourself. The question you have to ask yourself is: are you on course? If not, you have to undertake mid-course corrections before it is too late.



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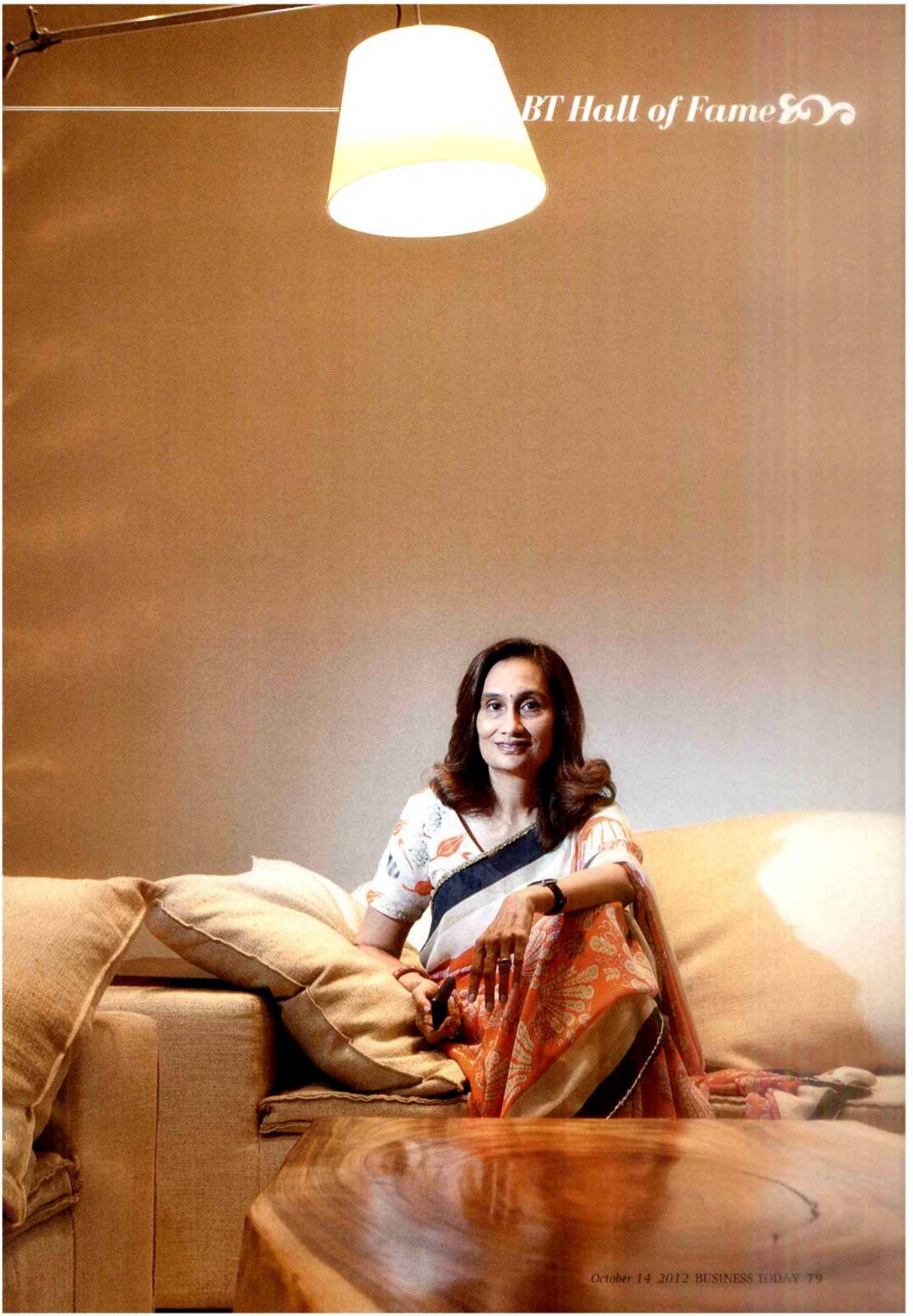
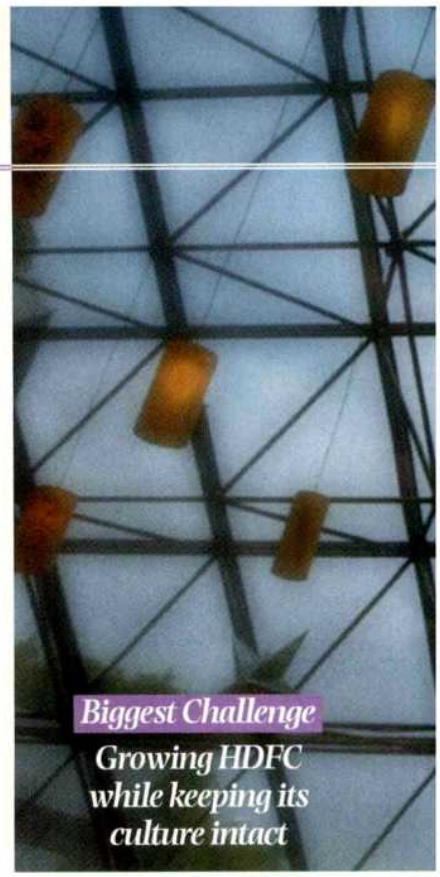


The Most Powerful Women in Indian Business

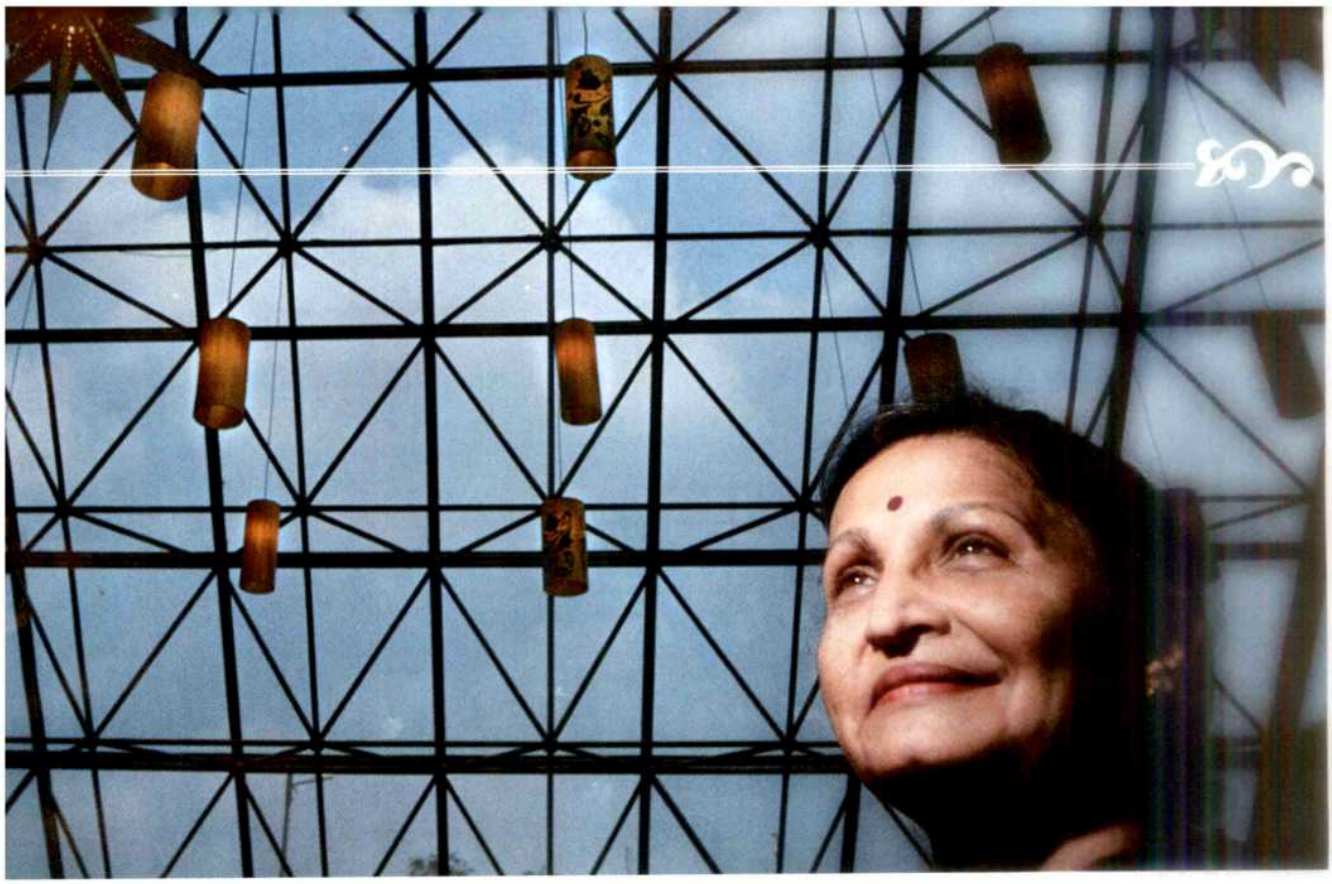


RENU SUD KARNAD

Conquering Complacency

Non-stop growth can make an organisation complacent, eventually leading to stagnation. This is what worried HDFC Managing Director Renu Sud Karnad all through the past year. Between 2006/07 and 2010/11, India's largest mortgage lender grew at a compound annual rate of 22 per cent, higher than the banking sector's 20 per cent rise. So she decided to revamp internal processes. Be it the delivery of loans, legal checks, or compliance issues, every service was overhauled to make it faster and customer-centric. "We spent a lot of time focussing on how to take service to another level," she says. Karnad also roped in global management consulting firm Boston Consulting Group for help. The results are visible. While staff count rose only seven per cent in 2011/12 from the year before, assets per employee grew 12.5 per cent. This shows HDFC disbursed more loans per employee. Other parameters were encouraging too – gross income surged 34.8 per cent while profit after tax rose 16.6 per cent in 2011/12.

Manu Kaushik



VIVAN MEHRA/www.indiatodayimages.com

RITU KUMAR

Designers' Doyenne

The story of Ritu Kumar's 46 years at the forefront of haute couture is, in a sense, the history of Indian fashion itself. She kicked off boutique culture in India in 1966 when she opened her first store in Delhi. In a short span, she became the go-to designer for royalty, beauty queens, and movie stars, and remains so even today. She launched Ritu Kumar Bridals in 1999 and the sub-brand Label three years later. In 2004, Kumar was appointed the first woman president of the Fashion Design Council of India. This year, she closes Wills India Fashion Week Spring/ Summer 2013 as presenter of the grand finale. She continues to nurture the growth of couture – she has five new stores opening in Raipur, Surat, Pune, Bangalore, and Mumbai this year. Kumar also designed costumes for Deepa Mehta's recent celluloid adaptation of the Salman Rushdie novel *Midnight's Children*.

Varoon P. Anand

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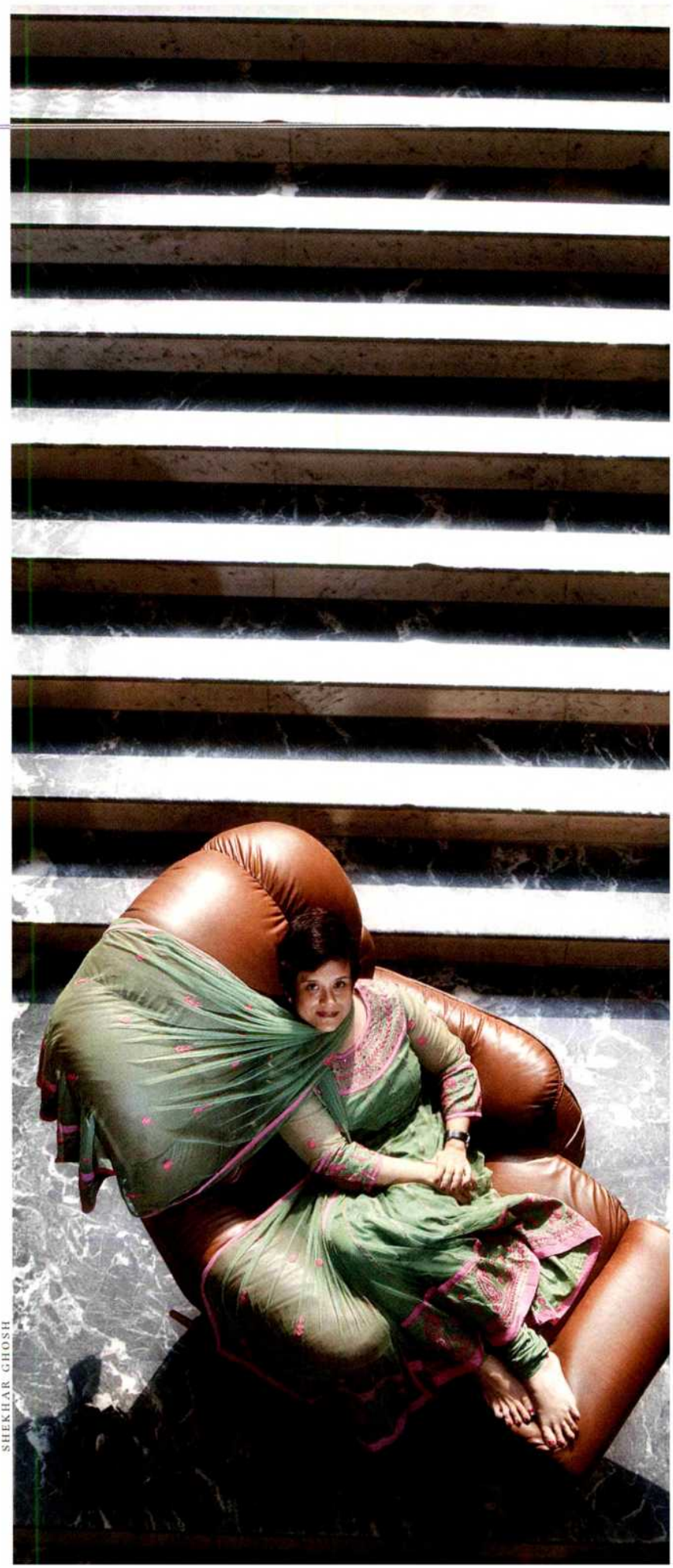


SHEKHAR GHOSH

DEBJANI GHOSH

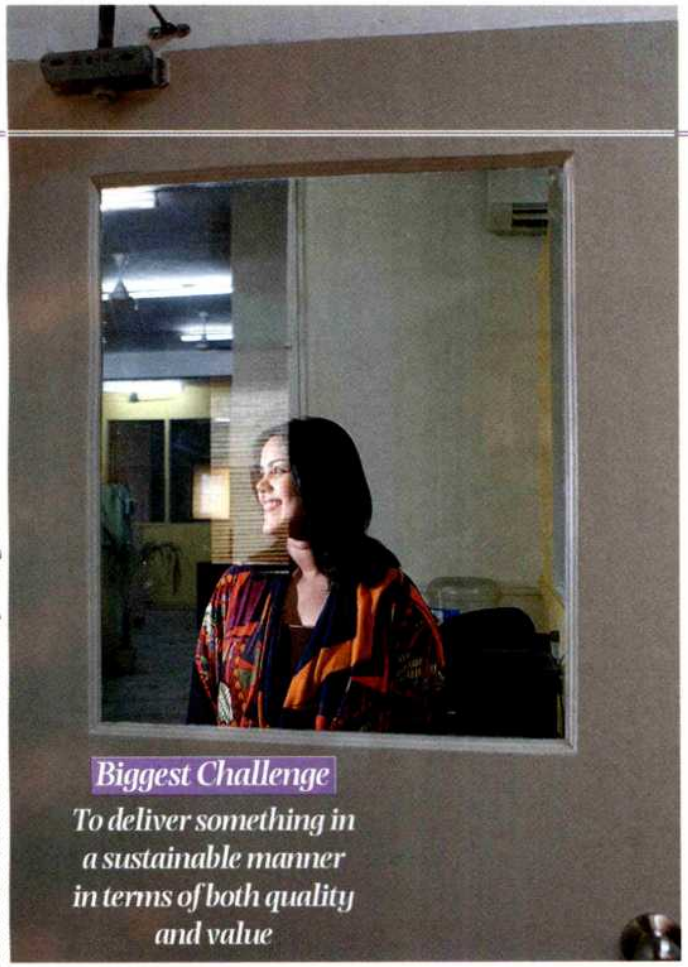
Adding Zip to the Chip

When Debjani Ghosh took over as Intel's South Asia Managing Director, Sales and Marketing, in January, she felt the company lacked the speed a technology company should have. She has thus been taking measures to quicken the pace of decision-making. Ghosh says this is the biggest "organisational change" she is bringing about. She adds that Intel, the foremost maker of computer chips, remains relevant despite the rapid growth of tablets and smartphones, in which it does not have a strong presence. Her biggest task for India is to see that the country gets on the technology adoption curve. "It is not about how many people have the devices, but what are they doing with them," she says.

Sunny Sen

Biggest Challenge

Coming to terms with the fact that the market is changing dramatically



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Biggest Challenge
To deliver something in a sustainable manner in terms of both quality and value

NEHA KIRPAL

More Art at the Mart

Neha Kirpal, 32, is riding high on the success of India Art Fair, the annual exhibition of modern and contemporary art she began in 2008. Kirpal recalls the time when the fair was just her dream. "When I pitched the idea, I was told the National Gallery of Modern Art gets just 18,000 visitors annually," she says. In contrast, the fair has had 260,000 visitors since 2008. Kirpal now wants to use the fair to take India further on the global art scene. Most of the world has already taken notice of the fair. In 2008, 34 galleries, all from India, participated in it; this year, there were more than 100 galleries from 22 countries. In the past year, Kirpal has brought in two partners with immense experience in promoting art – Will Ramsay and Sandy Angus – to scale up and realise her global ambitions.

Shweta Punj

LEENA NAIR

More Sisters at the Workplace

The past year has been remarkable for Leena Nair, Executive Director, HR, Hindustan Unilever. She has been tasked with driving diversity across the 160 countries where Unilever has a presence. "I'm really excited. I'm getting a better understanding of diversity and inclusion. It's a whole new skill set and a transformational role for me," she says. Another achievement was HUL's recent introduction of 'Career by Choice', a programme she oversaw which allows women who have fallen off the career ladder to rejoin the workforce. Most stay away as they do not know how to return after a long hiatus. "It is now entirely possible to sit in one location and do a global job," says Nair.

Anusha Subramanian

Biggest Challenge *Would love to inspire a million women so they can have it all*

NISHIKANT GAMRE

RENUKA RAMNATH

RACHIT GOSWAMI

Repeat Success

The anxiety-ridden days after she quit ICICI Venture in April 2009 after over 20 years with the group, have been left far behind. Renuka Ramnath's private-equity firm, Multiples Alternate Asset Management, which she set up thereafter, is riding high. "I underestimated the response from the market. I no longer had a large institution behind me. Yet what has surprised me is that we have been able to look at every transaction any large, established PE fund would get a chance to do," she says. Since August 2011, Multiples has invested ₹450 crore of its sector-agnostic fund's ₹2,000 crore corpus in four deals, including in Indian Energy Exchange and South Indian Bank. The current weak economic conditions do not worry her. "Even now, there are low-hanging fruits to capture," she says. And, she sure knows which ones to pick.

G. Seetharaman

Biggest Challenge

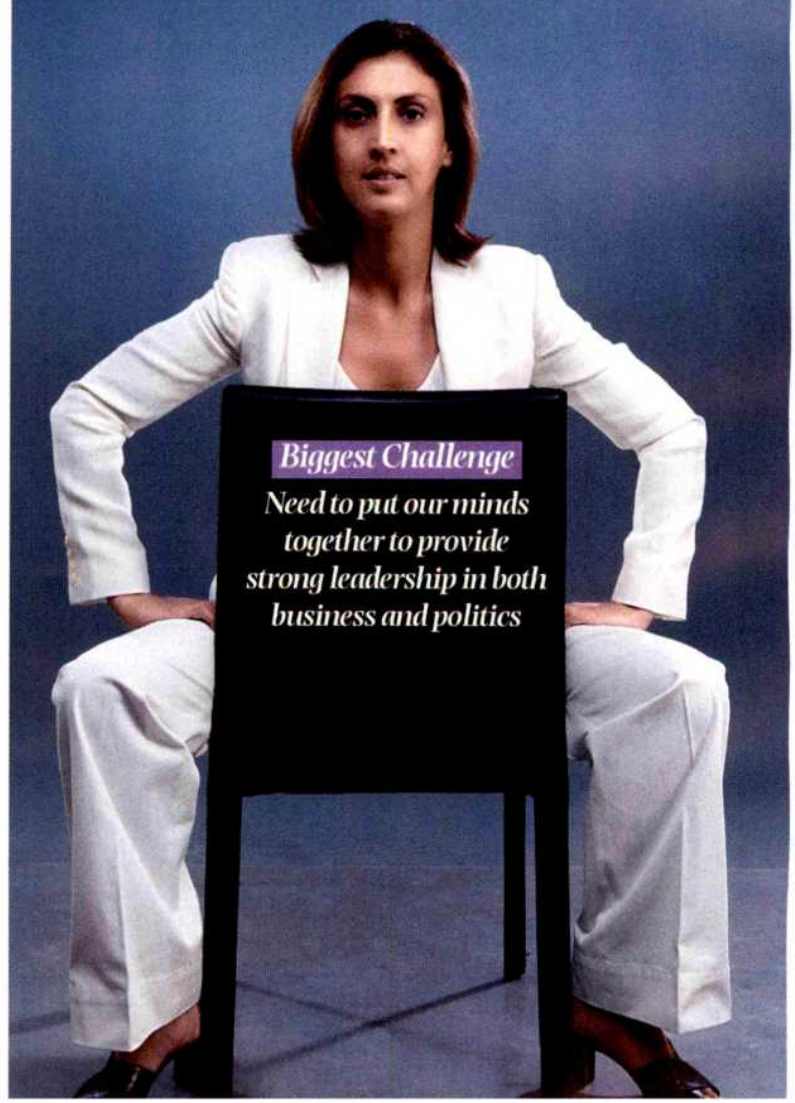
A responsibility towards the ecosystem. Our values should reflect that

TANYA DUBASH

Global Strides

Come 2013, Tanya Dubash, who oversees marketing initiatives for the Godrej companies, will complete 20 years with the group. "Looking back we could have done some things differently, but everything we did has been a huge learning," says the 43-year-old daughter of patriarch Adi Godrej. She is also on the boards of Godrej Industries and Godrej Agrovet. With every passing year, the ₹4,850-crore Godrej Consumer Products, the group flagship, has been expanding its geographical footprint through acquisitions. The last fiscal year was no different, with two buys, one in Chile and the other in South Africa. Dubash says brand integration with the global acquisitions has been smooth. "Most of the companies we bought were family-owned like ours and had similar values," she adds.

G. Seetharaman



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SANGEETA PENDURKAR

Selling Better Breakfasts

Over the past year, Sangeeta Pendurkar, Managing Director, Kellogg's India, has focused on building high-performance teams. She feels her previous experience in pharmaceuticals, finance and consumer goods helps her do so. "The big moment of truth for me was when somebody told me there is greater joy in empowering people to deliver than in doing a job yourself," she says. "This was early in my career and has stayed with me." Kellogg's has a 80 per cent share of the ₹500 crore ready-to-eat cereals market in India, making this country one of its top five global markets. But the potential is even greater. "Kellogg's India opportunity is huge. Our per capita consumption is less than a hundredth of that in the US. My agenda is to get the right people to leverage the opportunity," she says.

Geetanjali Shukla

Biggest Challenge
To build the right team and capabilities to deliver Kellogg's growth agenda

RACHIT GOSWAMI

ARCHANA HINGORANI

Deal Queen

Archana Hingorani's has seen many stock-market peaks and troughs in her career. No wonder the CEO of IL&FS Investment Managers, the private-equity firm that manages assets worth $3.2 billion, easily navigates choppy capital markets. Hingorani invested ₹1,840 crore in 20 deals across PE, infrastructure and real estate sectors in the past year. "These investments have been made on extremely attractive terms, which should be value accretive in the long run," she says. Hingorani also completed exits totalling ₹510 crore from a few companies. She guides nearly 100 investee companies as well. Despite the negativity all around as the economy flounders, Hingorani remains cool. "I went to Ecuador for a teaching assignment and also did a short tour of marine wildlife this year," she says.

Anand Adhikari

Biggest Challenge *Finding the right people to approach for advice, or to bounce off ideas*

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ROOPA KUDVA

Ratings Are Not Enough

For Roopa Kudva, MD and CEO, Crisil, this year's biggest achievement was the acquisition of UK-based analytics company Coalition in June for ₹250 crore. "For the first time, we will be producing analytics outside India under our own brand name," says Kudva. She terms it as "the next logical step" in Crisil's plan to reduce dependence on the ratings business. "We have repositioned the brand to reflect the entirety of Crisil. We changed our descriptor this year to say that Crisil is a global analytical company providing ratings, research, and policy advisory services," she says. The other big success for Kudva, who has been heading Crisil since 2007, is expanding India's ratings market. Till early this year, Crisil had rated more than 10,000 companies and 35,000 small and medium enterprises.

Geetanjali Shukla

Biggest Challenge

To live up to the expectation that Crisil will be a sane voice and do what is right

SCHAUNA CHAUHAN SALUJA

In Search of New Horizons

The quirky website of Parle Agro seems more like that of a boutique advertising agency than of a consumer goods company. It is in tune with CEO Schauna Chauhan Saluja's stress on innovative thinking and setting trends. The daughter of Prakash Chauhan took the reins at Parle Agro in 2006, and under her watch the company has managed to keep established brands like Frooti, launched in 1985, going strong, while launching new ones such as Hippo baked snacks. In the last year or so, the privately held company, which exports to 18 countries, has doubled its manufacturing capacity and is now exploring Africa to set up a production facility. Did she ever think of working anywhere else? "It never crossed my mind when I was in school or university. Throughout I worked towards this goal."

G. Seetharaman

Biggest Challenge

Nothing really, as long as you stay focused, doing what you do best, and never stop learning

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AISHA DE SEQUEIRA

At Ease in Tough Times

A slowing economy and volatile markets have not dented Morgan Stanley's leadership position in India. The investment bank has worked on 10 transactions in 2012, compared with five by its closest rival. "We have been involved in a wide graph of transactions from the buy side, cross-border, restructurings, joint ventures, domestic consolidation, and so on," says Aisha de Sequeira, Managing Director and Head, Investment Banking, Morgan Stanley India. Her list includes deals such as the Tech Mahindra-Satyam merger and Future Capital's sale to Warburg Pincus. De Sequeira, 41, feels tough times are the best to build client relationships. "Remaining close to your clients when the times are tough is the banker's role. Not just to pitch a deal in a bull market," she adds.

Geentanjali Shukla

NISHIKANT GAMRE/www.indiatodayimages.com

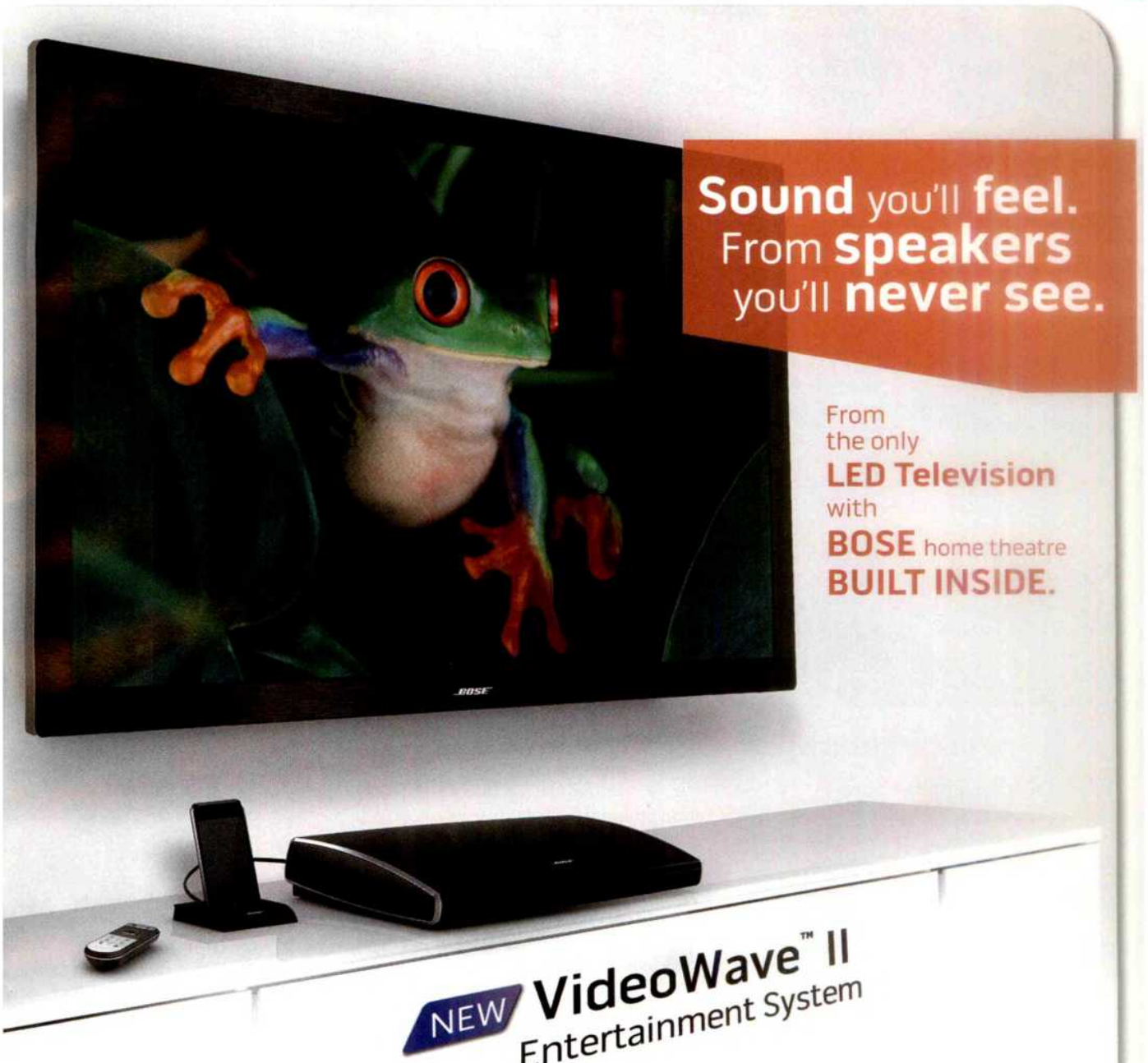
ARATHI KRISHNA

H.K. RAJASHEKAR

Machine Girl

She dirties her hands at least twice a week on the shop floor. She loves operating machines. "My co-workers in the factory have stopped seeing me as a woman," says Arathi Krishna, Joint Managing Director of auto component maker Sundram Fasteners, a TVS Group company. Armed with an MBA from the University of Michigan, she entered the family business in 2006 and has already made her mark. She set up units in new regions such as Uttarakhand, introduced modern technologies, brought in a performance-based work culture, and recruited many young people. "Any change that I planned had to be well calibrated," she says. The company needs to be on its toes as its premium position is under threat from increasing competition, she adds.

N. Madhavan



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VINITA BALI

Beyond Biscuits

Did you know one of three children born in India is underweight? That 70 per cent of school children are anaemic? If you engage Britannia Industries Managing Director Vinita Bali in conversation, she will most likely mention these nuggets and much more. She can talk endlessly about malnutrition and why it is a silent emergency but gets little or no attention. It is her undying zeal and work in this area that catapulted her this April into a 27-member influential United Nations panel tasked with leading the 'Scaling up Nutrition' movement globally. She is the only Indian on the panel. Bali has deftly woven the cause into Britannia's business model, and is aggressively pushing healthy food products.

K.R. Balasubramanyam

Biggest Challenge

To do things on time and within the budget allocated

KIRTHIGA REDDY

Scaling Up

Kirthiga Reddy, who heads Facebook's India operations, is talking scale today. Reddy, the social-networking website's first India employee back in July 2010, built Facebook India from the ground up and has taken it well past its start-up mode. Ask the 40-year-old to reflect on her key achievement of the year gone by and she says: "It would be the fact that we grew and yet were able to maintain the Facebook culture and values of being an organisation that is open, bold, flat and non-hierarchical." Reddy, an MBA from Stanford University, feels another achievement last year was gaining more users, developers and advertisers. The number of Facebook users in India, for instance, doubled in the last one year to 51 million.

E. Kumar Sharma

Biggest Challenge

Helping next-generation leaders hone their leadership skills

VIVAN MEHRA

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The Most Powerful Women in Indian Business

ZARIN DARUWALA

Lender's Pride

Indian business is going through a difficult time, but the woman in charge of corporate lending at the country's second-largest bank remains optimistic. "It is a difficult operating environment because of a policy paralysis," says ICICI Bank's Zarin Daruwala. She should know. After all, despite the tough environment, Daruwala, 47, managed to grow revenue from wholesale banking by 35 per cent in 2011/12 to over ₹26,000 crore. In comparison, the bank's consolidated income rose just eight per cent. Pre-tax profit from the segment jumped as well, by 27 per cent to ₹6,208 crore. Indeed, corporate lending makes up more than half of the bank's consolidated profit. "Besides, the segment's asset book has been growing at more than 20 per cent," says Daruwala. She is not just expanding the balance sheet but also de-risking the portfolio by increasing the number of deals.

Anand Adhikari

VIVAN MEHRA/www.indiatodayimages.com

JYOTSNA SURI

Walking the Razor's Edge

The new legacy towers at The Lalit hotel in New Delhi are opulent and grand. Insiders reveal that every little detail of the decor was conceived by Jyotsna Suri, Chairperson and Managing Director, Bharat Hotels. "Everything you see here is refurbished and recycled. I do not like to waste anything," she adds. It is her practical approach and financial prudence, among other factors, that have kept the company growing since she took over on her husband Lalit Suri's sudden death in 2006. She inspects her construction sites, works on marketing campaigns, and oversees each detail at every property. "I like to lead by example," she says. Suri has 25 mid-segment Lalit Traveller hotels in the pipeline. Earlier this year, her company acquired a heritage property in London. "I have walked the razor's edge," says Suri. "Had I slipped after my husband's death, it would have destroyed the family."

Shweta Punj

Biggest Challenge

More than a challenge, figuring in this list helps create goodwill and makes you more relevant in the world of business

NISHIKANT GAMRE

Biggest Challenge

To find the strength to constantly outdo myself

NISHIKANT GAMRE/www.indiatodayimages.com

EKTA KAPOOR

Midas Touch

Balaji Telefilms consolidated its position as a successful production house for both television shows and films in 2011/12. The company not only took prudent financial decisions – it swung to a net profit in 2011/12 from a net loss the year before – but also took strong creative calls, says Joint Managing Director Ekta Kapoor. She says the big change has been the acceptance of Balaji's new TV shows by mass audiences and the change in perceptions the company managed through films such as *The Dirty Picture*. "Converting a good show like *Bade Ache Lagte Hain* into ratings on Sony TV was a big achievement for me, breaking the eight-year myth that Sony will never get ratings," she says.

Anusha Subramanian

Biggest Challenge

Balancing personal and work life, and being accepted beyond my professional successes

The Most Powerful Women in Indian Business

ABANTI SANKARANARAYANAN

In High Spirits

Abanti Sankaranarayanan has been promoted twice within a year at Diageo, the world's largest spirits company. Sankaranarayanan, who joined Diageo India in 2010 as marketing director, was elevated as deputy managing director earlier this year and named managing director in July. Among her achievements she lists Rowson's Reserve, a brewed-in-India whiskey launched in September 2011. Rowson's marks Diageo's return to the Indian-made foreign liquor segment. The company had sold its portfolio of locally-made brands in 2002 and since then focused only on selling its international brands like Smirnoff Vodka in India. "We have ambitious plans for this market and want to grow as fast as we can," she adds.

Geetanjali Shukla

Biggest Challenge *Gender does not matter. To get to any position what counts are your achievements*

MANDARDEODHAR

VINITA GUPTA

The Right Medicine

In June, Vinita Gupta, CEO of Lupin Pharmaceuticals Inc, the Indian drug maker's US unit, received the "Entrepreneur of the Year" award from Ernst & Young in the health services and technology category for Maryland state of the US. Over the past year, the US business of Lupin crossed the $500 million mark. Her contribution to Lupin Ltd, where she is a director, was best acknowledged when in an interview in August, her brother Nilesh Gupta, also a director in Lupin, said Vinita was ahead of him in the race to lead the company, headed by their father and Chairman Desh Bandhu Gupta. "There has been a major change over the last 10 years, with the acceptance of more women in leadership positions in India," says Vinita. "This is a very positive change for women at a time when they are increasingly making their careers an important part of their life balance."

Suman Layak

Biggest Challenge ***To bring in the changes required that will continue to set the company apart from the competition, and to attain a good work-life balance***

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*Action in epidermal region within the cosmetic domain based on usage of entire range. # Shampoos in the cosmetic domain. ^ Based on consumer tests conducted in 2010

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Often hair breakage is confused with hair fall, but both are different. While breakage is a nuisance, it is not the only reason for hair fall. More worrying is hair fall that happens from the roots. Studies have proven that 78% of hair loss is from the roots, not breakage. And most shampoos# can do very little as they treat breakage only.

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DOVE HAIR FALL RESCUE COMBING SERUM

The serum instantly reduces friction and makes your hair less prone to breakage.

*Action in epidermal region within the cosmetic domain based on usage of entire range. #Shampoos in the cosmetic

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

ARUNA JAYANTHI

Working Out Solutions

Aruna Jayanthi, 49, has a gruelling schedule. The India CEO of the Paris-based IT services company Capgemini reaches home every day by 7.30 pm and gets back to work at 10 pm, answering e-mails and phone calls till half past midnight. "Most of my customers are outside India, so I have to do that," she says. Jayanthi, who joined Capgemini in 2000, is now leading the company on an ambitious growth path in India. The company increased its India headcount by 15 per cent last year to 38,000 currently and is now aiming at a workforce of 70,000 in three years. It has also increased its footprint in newer areas such as mobility services, which allow employees of its clients to work away from office and is among the fastest-growing segments for Capgemini.

G. Seetharaman

Biggest Challenge

Getting every individual in Capgemini to think about and work on the organisation's goals

LYNN DE SOUZA

NISHIKANT GAMRE

Ad-ding Accounts

Lynn de Souza, Chairman and CEO of Lintas Media Group, is a soft-spoken yet tough professional who has spent three decades in the media industry. The head of India's third-largest media agency says the last one year has been "fantastic" for the company. "We picked up over 60 accounts. These are not large accounts but they are across places like Hyderabad, Chennai, Kolkata and Pune, which are the emerging large markets," she says. Her other achievement was to put in place the new Readership Study Council of India. She brought on one platform the Audit Bureau of Circulation, which conducts the National Readership Survey, and the Media Research Users Council, which conducts the Indian Readership Survey, to bring out a combined Indian Readership Study. "This will be a digital product to minimise errors that may occur in the study," she says.

Anusha Subramanian

Biggest Challenge

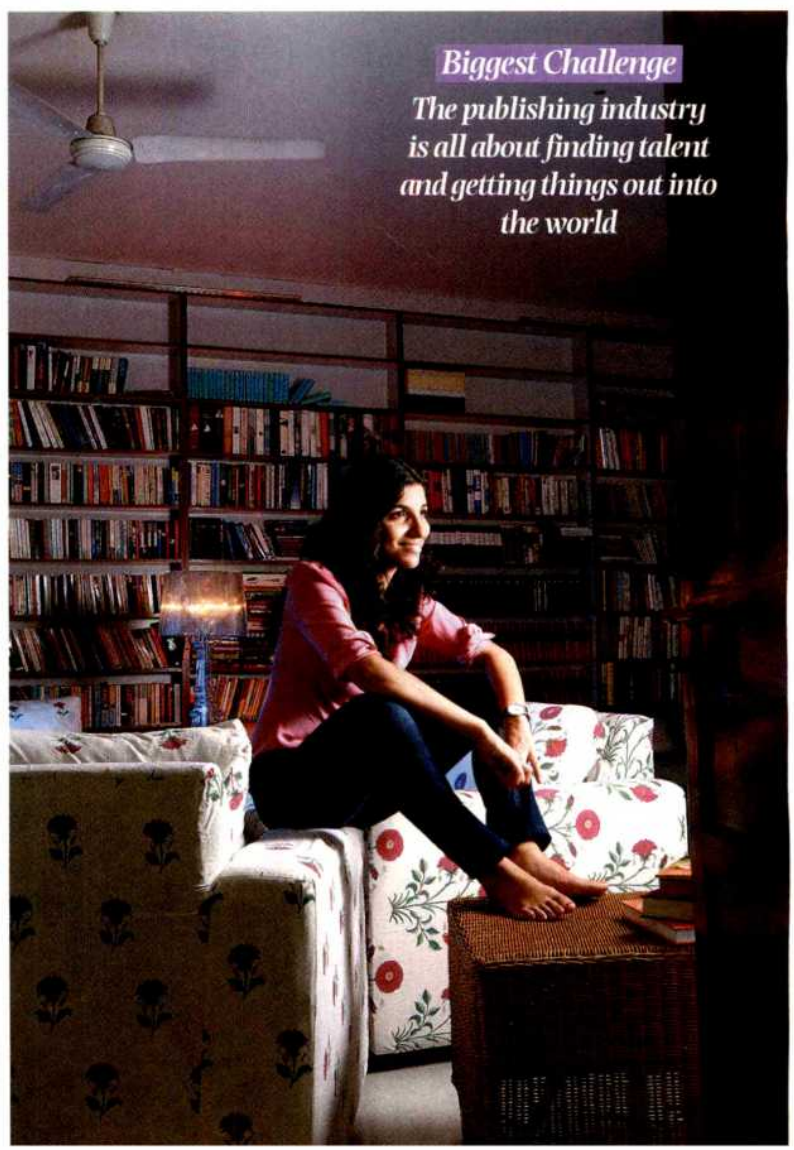
Inspiring women to strive to achieve big things in business and other spheres

CHIKI SARKAR

Talent for Spotting Talent

Since she joined Penguin Books India (PBI) as publisher 14 months ago, Chiki Sarkar has proved her ability to spot talented authors and handle business. PBI published about 240 titles last year and is looking at a similar number this year. Sarkar, 35, says she spent the past year changing processes, systems and cultures at PBI. "It's been a year of big thinking and big changes for PBI," she says. Sarkar has been trying to bring in more variety to Penguin's list of authors that already includes most of the top Indian English authors. "My biggest passion is to find new talent. It's why I do what I do," she says. Sarkar also wants to improve the quality of PBI's titles. Some promising upcoming ones include Amit Chaudhuri's non-fiction book about Kolkata, a new book by Amartya Sen, and a new novel by Pakistani writer Mohsin Hamid.

Manu Kaushik



Biggest Challenge

The publishing industry is all about finding talent and getting things out into the world

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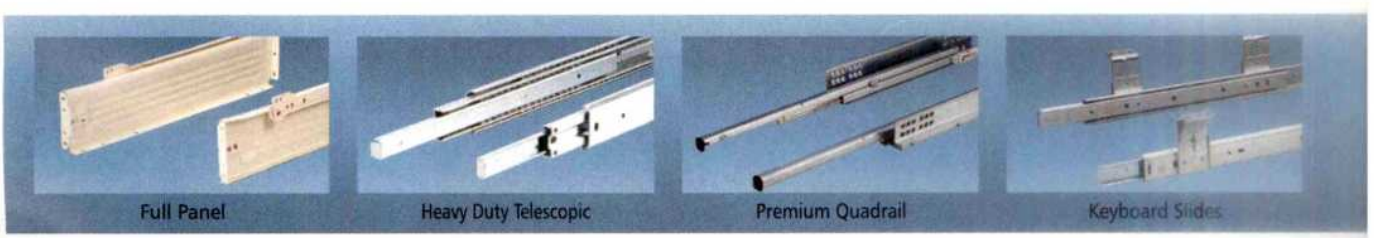

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NITA AMBANI

Playing on Different Pitches

Nita Ambani took one more definitive step in her journey from being the wife of the richest man in India, Reliance Industries Chairman Mukesh Ambani, to being his business partner, in late 2011, when she was nominated to the board of EIH Ltd, the company that runs the Oberoi and Trident hotel chains. She also heads a clutch of other initiatives, including the Reliance Foundation, the Dhirubhai Ambani International School and the Mumbai Indians IPL team. She is chairperson as well of IMG-Reliance, the sports management company which shook up the Indian football scene in early September by proposing an IPL-style football league. Nita Ambani also debuted on the ramp for a cause – adding lustre to her role of being the perfect foil to Mukesh Ambani.

Suman Layak

MEHER PUDUMJEE

Power-packed Performance

Thermax Chairperson Meher Pudumjee prefers to talk about her company's achievements rather than her own. "Last year was quite a challenging year for the capital goods industry. But, we were able to maintain the company's performance," she says. The energy and environmental engineering company has developed a number of innovative products recently. Last year, it designed a solar-powered air conditioning system that takes up 30 per cent less space than conventional systems and is 20 per cent more efficient as well. It has also made a product that can be used both for chilling and heating purposes. Besides, Thermax acquired German steam products company Rifox earlier this year. The company is also setting up three more factories, at Jagadia in Gujarat and Shirval and Sholapur in Maharashtra, as part of its expansion plan. Though the business environment was challenging, it was a good year for her and her company, says Pudumjee

Anusha Subramanian

Biggest Challenge

To bring more professional women into the capital goods sector

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Yes, I can

Five women turn challenges into entrepreneurial opportunities.

By SHWETA PUNJ

I took a deep breath and listened to the old bray of my heart. - Sylvia Plath

It is not easy to follow Sylvia Plath's example, more so when the heart brays for entrepreneurship. Compared to the security and comfort paid employment provides, embarking on a start-up is fraught with risk. Being a woman makes the task doubly difficult. Circumstances, situations, the disapproving vibes of those who surround her can all combine to prevent her from even making a beginning. If she is financially strapped, if her family is not supportive, if she has young children to look after, it gets harder still.

Yet the number of successful women entrepreneurs is growing. They are now found in the most unlikely of places, from the most unlikely of backgrounds, finding opportunities few knew even existed. *Business Today* profiles five such unusual women entrepreneurs, who stayed the course, overcoming all obstacles.

Nerves of Steel

Kalpana Saroj is not a typical corporate executive. Born into a dalit family in Maharashtra's Akola district, she was married off at the age of 12 to a 22-year-old man in Mumbai. Her in-laws abused her, and her marriage failed within months. She returned to her parents and attempted suicide, but survived. "I tried to end my life, there was nothing to live for," she recalls. "We had nothing, no wealth, just a very small house. I had to get out of that life."

Saroj came back to Mumbai in the late 1980s. She initially worked at a hosiery unit, and then dabbled in construction, real estate and social work for the next decade or so. "I knew I had to do something in life," she says.

In 2001, workers of Kamani Tubes, a maker of copper tubes where she was a board member, approached her for help to revive the sick company. The company had a turbulent history. It was set up in 1960, closed down in 1985, reopened in 1988 under a workers' cooperative, and was declared sick in 1995. Saroj took charge of Kamani at a time when the company was buried under ₹116 crore of debt and 140 lawsuits. The challenge was formidable. "The work seemed impossible to many," she says.

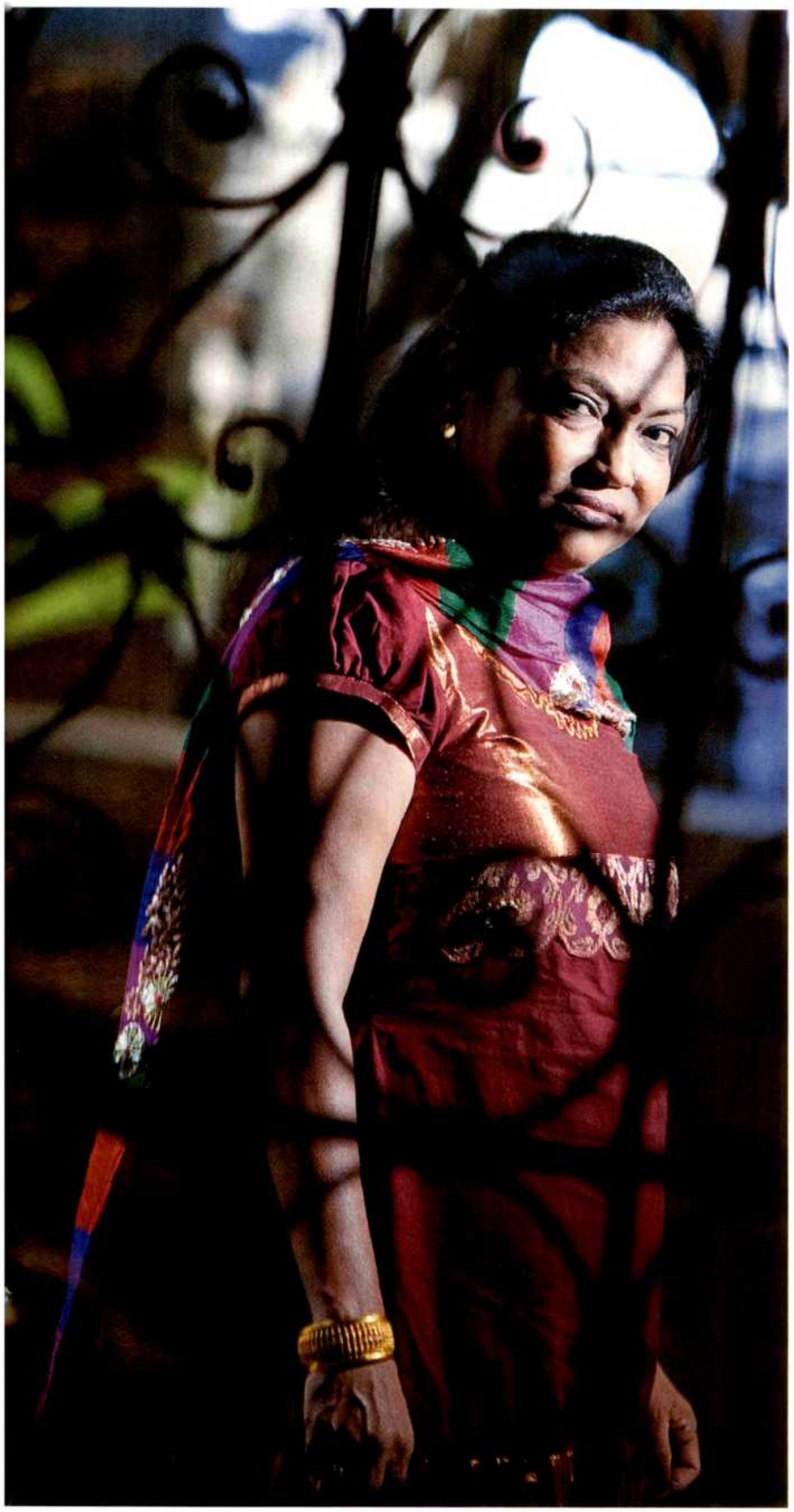
Between 2001 and 2006, Saroj went about settling court cases and negotiating with lenders and the government to get interest and penalties waived. In 2006, she took over Kamani Tubes when IDBI Bank, which was monitoring the restructuring process, invited bids for the company. Since then she has relentlessly worked toward expanding the company.

"It has been like walking on the edge of a mountain," says Saroj, now the chairman of Kamani Tubes. Today, Kamani is a ₹300-crore company and Saroj now rubs shoulders with industry and government leaders. Saroj is looking to expand the company's manufacturing capacity from 100 tonnes to 3,000 tonnes and will start making steel rods within a month. "I want to take the company to new heights," she adds.

Flower Power

When Dr Gazalla Amin decided to grow lavender flowers and make a business of it in 2004, her family and friends criticised her for the shift from medicine to entrepreneurship. "Women were never associated with entrepreneurship in Kashmir, only with NGOs (non-governmental organisations). And NGOs in Kashmir have a bad name," says Amin. "It's difficult to convince the world about what your heart says."

Amin fought the feudal mindset and invested her savings, about ₹8 lakh, in a farm to grow and process aromatic plants such as rose and lavender. How did she



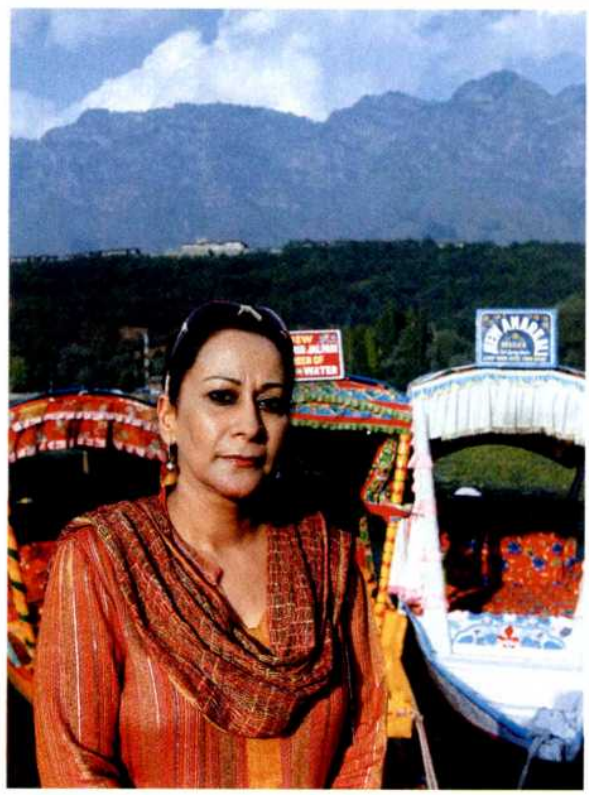
NISHIKANT GAMRE

KALPANA SAROJ
Chairman, Kamani Tubes

"I tried to end my life, there was nothing to live for. We had nothing, no wealth, just a very small house. I had to get out of that life"

GAZALLA AMIN
Founder, Fasiam Agro Farms

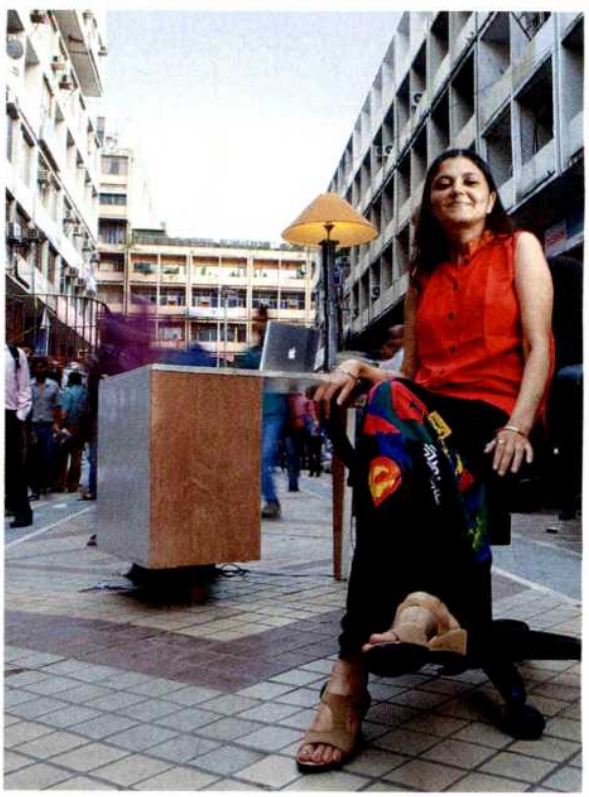
"It's difficult to convince the world about what your heart says"



YAWAR KABLI

SAIREE CHAHAL
Co-founder, Fleximoms

"I often think I could have been a statistic had I not pushed back"



ADITYA KAPOOR/www.indiatodayimages.com

manage to stay motivated? "I realised that negativity came from quarters that didn't matter at all in the journey of my business. Departments and people who mattered in the business supported me."

The initial days were difficult. "Everyone would assume I was from an NGO. It was difficult to convince people that I was a businessperson," says Amin.

She has come a long way since then. She has turned entrepreneurship into a "respectable profession for women" in the valley and become one of the faces of women empowerment. Her company, Fasiam Agro Farms, has been growing at eight per cent annually. "My aim was to come out with a world-class product. Kashmir Lavender has become a global name," she adds.

Flexing Muscle

It was after becoming a mother that Sairee Chahal realised the gaping need for flexible work options in corporate India. She could have been one of those numerous women who, after having children, opt out of lucrative, fulfilling careers because of rigid work formats of organisations. But she had different plans. "I often think I could have been a statistic had I not pushed back," she says.

Chahal co-founded Fleximoms, a New Delhi-based

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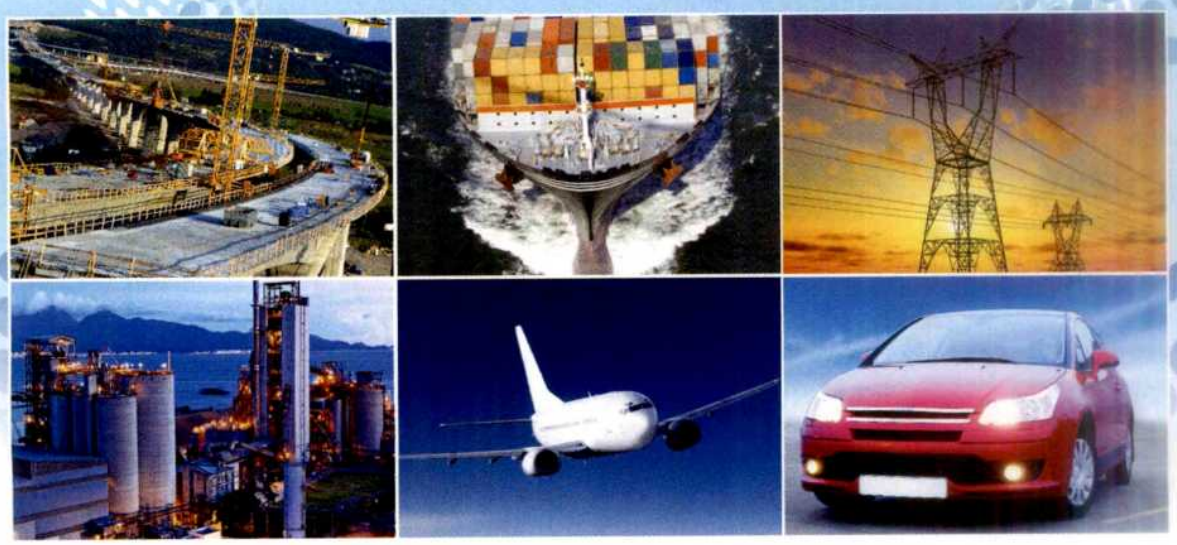

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RASHMI SAWANT
Founder, Culture Aangan

"We wanted people to spend money in villages. Home stay is a new concept in India. It takes time to create awareness"

company that helps women find flexible work options. "You don't realise the need until it hits you in the face," she says. Fleximoms, whose other founder is Anita Vasudeva, helps find flexible work options for women who have fallen off the career ladder and also provides them training to bridge any skill gaps.

Fleximoms rolled out as an independent company only last year. Chahal incubated it for nearly two years under Saita Consulting, a consulting firm that she and Vasudeva founded in 2006 to advise on small and medium businesses. Fleximoms works with 300 companies. "There are a lot of companies that want to connect with this demographic," says Chahal.

Not Just About Money

Rashmi Sawant, 33, is one of those who did not let financial challenges intimidate her. A post graduate in tourism, Sawant worked with many travel companies before deciding to chart her own course. But she did not want to be just any other tour operator, offering packages to honeymoon destinations or selling travel plans for hill stations or shopping carnivals.

"We wanted people to spend money in villages," says Sawant. So, in 2005, she founded Culture Aangan to promote rural tourism through village home stays in Rajasthan and Goa. She has invested about ₹30 lakh so far in the Mumbai-based company. After seven years in business, Sawant expects to make a "small profit" this fiscal year. "Home stay is a new concept in India. It takes time to create awareness."

Against the Tide

When Ishita Swarup decided to become an entrepreneur in the early 1990s, her father, a government employee, told her clearly: "I will not support you." At the time, Swarup was earning a monthly salary of around ₹7,000, and business was considered a dirty word, especially for women. (See also, *Short-Changed*, Pg 136). That didn't deter her, however. Her first venture was business process outsourcing company Orion Dialog, which she later sold to Essar group's Aegis BPO. She also had to fight a patriarchal mindset. "I was often asked whether I was handling my father's business," she says.

The financial crunch pushed Swarup to work harder and smarter. She put all the money she earned back into the business and kept costs as low as possible. Her current passion is 99Labels. Launched in 2010, 99Labels is an online shopping site that sells luxury brands at discounted prices. Info Edge, which owns job portal Naukri.com, has invested ₹28.5 crore in the company so far. "Unlike my first business, we don't make money. But that's not unexpected," says Swarup. "Growth has been fantastic." ◆

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WINDOW TO THE FUTURE

Windows 8 is a whole new take on computing, but is the world ready?

By NANDAGOPAL RAJAN

If the legal battles between Apple and Samsung have shown anything to the tech world, it is that innovation always pays in the long run. And this is where Microsoft hopes its latest operating system (OS), Windows 8, will stand apart. The OS and its 'Metro UI' design lay more emphasis on the content of applications and less on an app's graphics. For instance, in contrast to the Apple iOS and Google Android, where apps are displayed as a grid of tiles on multiple homescreens, the Windows 8 user interface (UI) is more of a mosaic of live tiles, showing updates instantly. And it will be the first time people will use the same OS across all their devices.

Microsoft's Corporate Vice President for Windows Antoine Leblond says the OS was created by incorporating the best of Windows 7 but with an eye on the future. "We ensured that the new OS also works well on existing devices. Plus, Windows 8 works equally well on the tablet as well as the PC."

It is a giant leap of faith for Microsoft, as Windows 8 has been optimised for a touch interface. While the software giant has tried its best to keep usability the same with touch as well as type, it remains to be seen how the average customer will react to this. Having burnt its fingers with Windows Vista in 2007, the company is trying its best to ensure the end-customer is also on the same page with its latest venture. Previews of the OS have been available for free download for a few months now.

Also, it will be hard for the company to stop shipping the hugely successful Windows 7 all of a sudden – over 600 million licences have been sold in under three years. "There will be an overlap of Windows 7 and Windows 8 for some time," accepts Alok Sharma, Country Manager, Workplace Systems, Fujitsu India, an information and communication technology company. To make the transition easier after the official launch on October 26, Windows 7 users in India will be able to upgrade to Windows 8 Pro for an estimated retail price of just ₹699.

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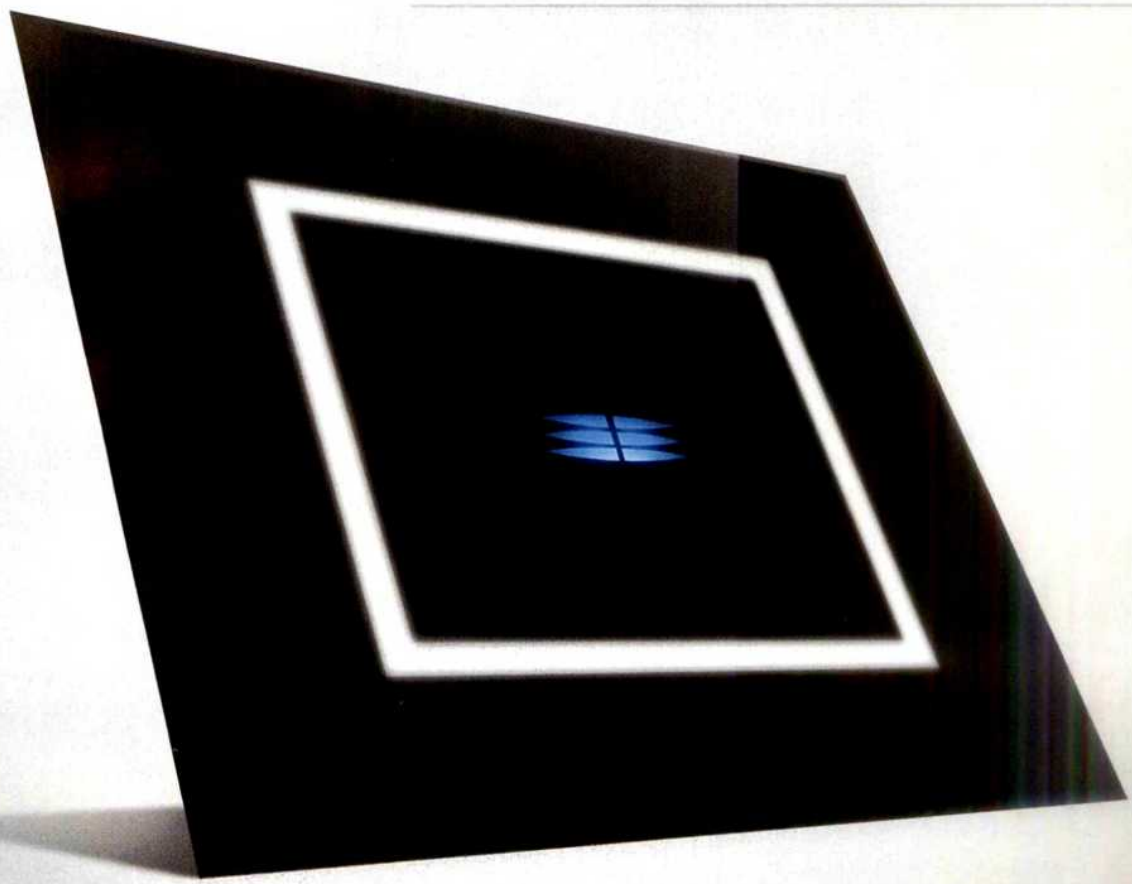

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But while people with older devices have the option of a cheap upgrade, they will be unable to use the touch features of the OS. A new breed of hybrid devices, which will work as both tablets and laptops, exploiting the touch interface of the OS, are expected to hit the market soon after the official launch on October 26. These include Lenovo's IdeaPad Yoga and Sony's Vaio Duo 11 (see *New Breed*).

If things go as planned, within a couple of years every computer would have some degree of touch functionality. "The success of Windows 8 is interconnected with the success of the devices as well as the Metro UI. Microsoft will have to ensure that consumer expectations are met and they will need a combination of apps, touch, hardware and software to pull this through," explains Vishal Tripathi, Principal Research Analyst at research firm Gartner.

The cloud-integrated features of the OS could end up driving adoption. Nabeel Youakim, VP, Asia Pacific Products & Microsoft Alliance, Citrix, explains: "The USB-based Windows-To-Go is intended for users who cannot have a laptop, but who have unique mobility or security needs." He expects users to bring their own full Windows 8 tablets for use with corporate resources. Citrix, a cloud computing and desktop virtualisation major, has announced an easy-to-install client software that lets users access docs, apps and desktops from any device.

Windows 8 could also trigger a deluge of touch devices in the enterprise segment. Shishir Singh, Director, Product Marketing, Dell India, said his company plans to offer a Windows-based 10-inch tablet targeted at enterprise customers as soon as Windows 8 becomes available. "We plan on offering Windows 8 on many of our current products, and will also introduce a suite of new products for consumers and businesses at that time."

Vinay Awasthi, Senior Director for Products & Marketing (PPS) at HP India, thinks the new Microsoft OS would be the biggest game changer after ultrabooks. "The Metro UI is designed to suit the evolved computing needs of the user, which is all about faster, smoother, easier access to content." But he underlines the fact that moving to a new technology always comes with certain teething issues. Incidentally, Microsoft has stopped using the term Metro after being sued by German firm Metro AG. It now calls the design language Modern UI instead.

But Girish Nuli, Managing Director and CEO of Antara Software, a Bangalore-based start-up that specialises in developing healthcare applications for web and mobile platforms, says the learning curve for Windows 8 users is minimal. "Since the process is faster it is also more cost effective," says Nuli, whose company is building healthcare, fitness and education apps for Windows 8.

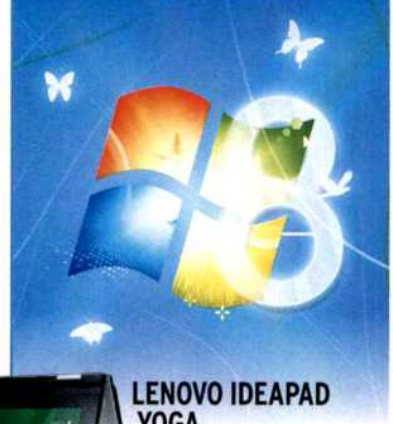
"The apps have to be optimised for mouse-keyboard input on desktop/laptop as well as for touch input on tablets and that is the only challenge," adds Nirmit G. Kavaiya, a 21-year-old developer from Rajkot. Ludo, the first of his four apps, will be available for download from the Windows Store soon.

But apps are also a numbers game. Windows 8 and the devices are just half the story. For Microsoft, how the narrative will go from here will depend solely on whether people like the app plot. ◆

Send your comments to editor.bt@intoday.com

NEW BREED

Windows 8 will usher in new devices that will twist and turn so users can make the best use of their touch interface



LENOVO IDEAPAD YOGA

Yoga claims to be the first hybrid notebook with a 360-degree flip-and-fold design. Essentially an Ultrabook, this device will transform (or fold) into a tablet with a 10-point capacitive touchscreen, when needed. First reports suggest this 13-incher will cost around $1,199

ASUS TAICHI

Taichi is not as flexible as the Yoga, so it will sport a second screen on the back, eliminating any need for contortion. The Taichi will come in both 11.6- and 13.3-inch screen sizes and will be as thin as Asus's super-thin Zenbook. But the dual screen could have issues with privacy. Prices are expected to be upwards of $1,300

SONY VAIO DUO 11

This is an Ultrabook that slides into an 11.6-inch tablet, and marks Sony's hybrid debut. The 1.3 kg device will have a 10-point touchscreen with a pressure-sensitive stylus. Buyers will be able to choose their configuration as with Ultrabooks

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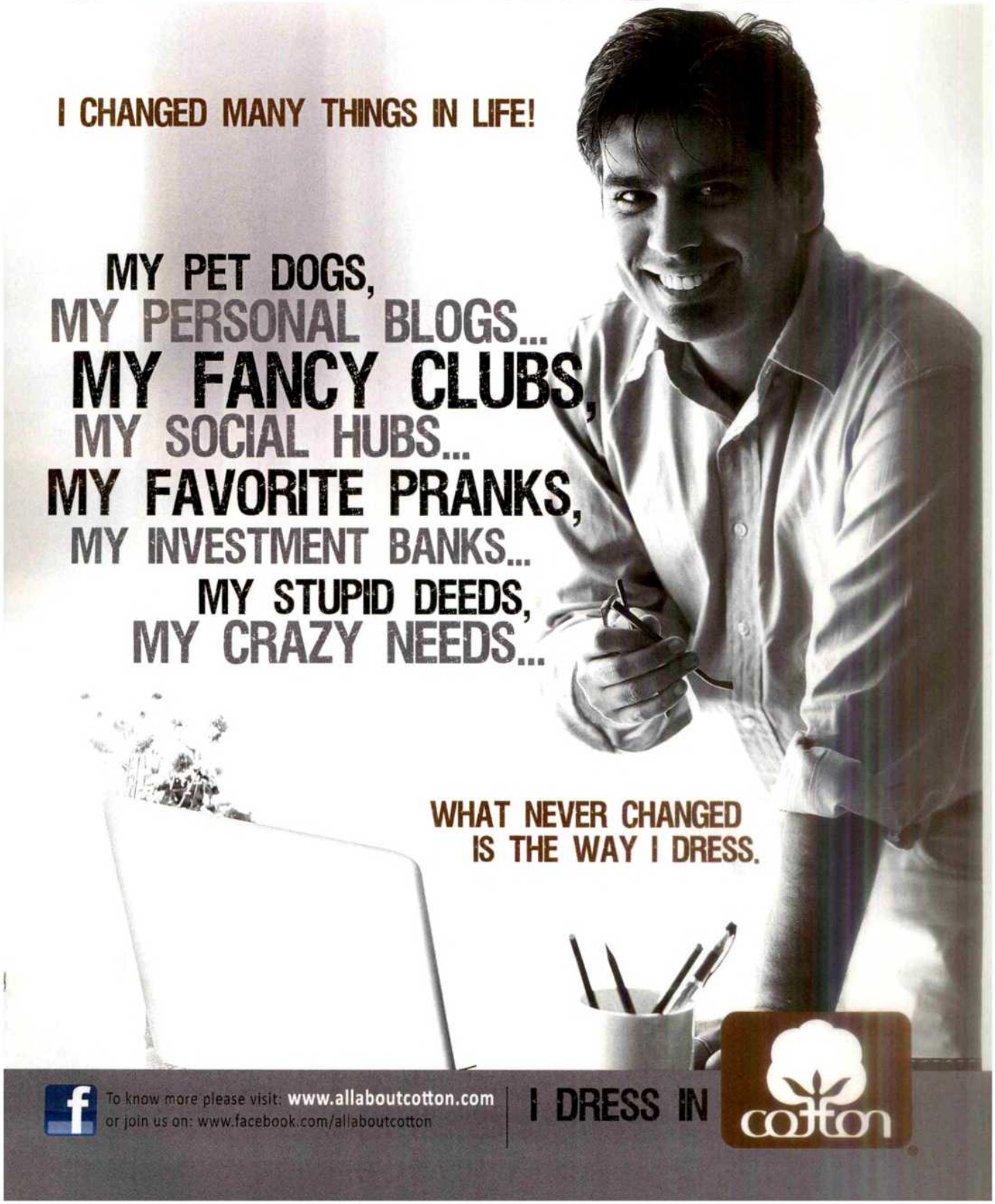

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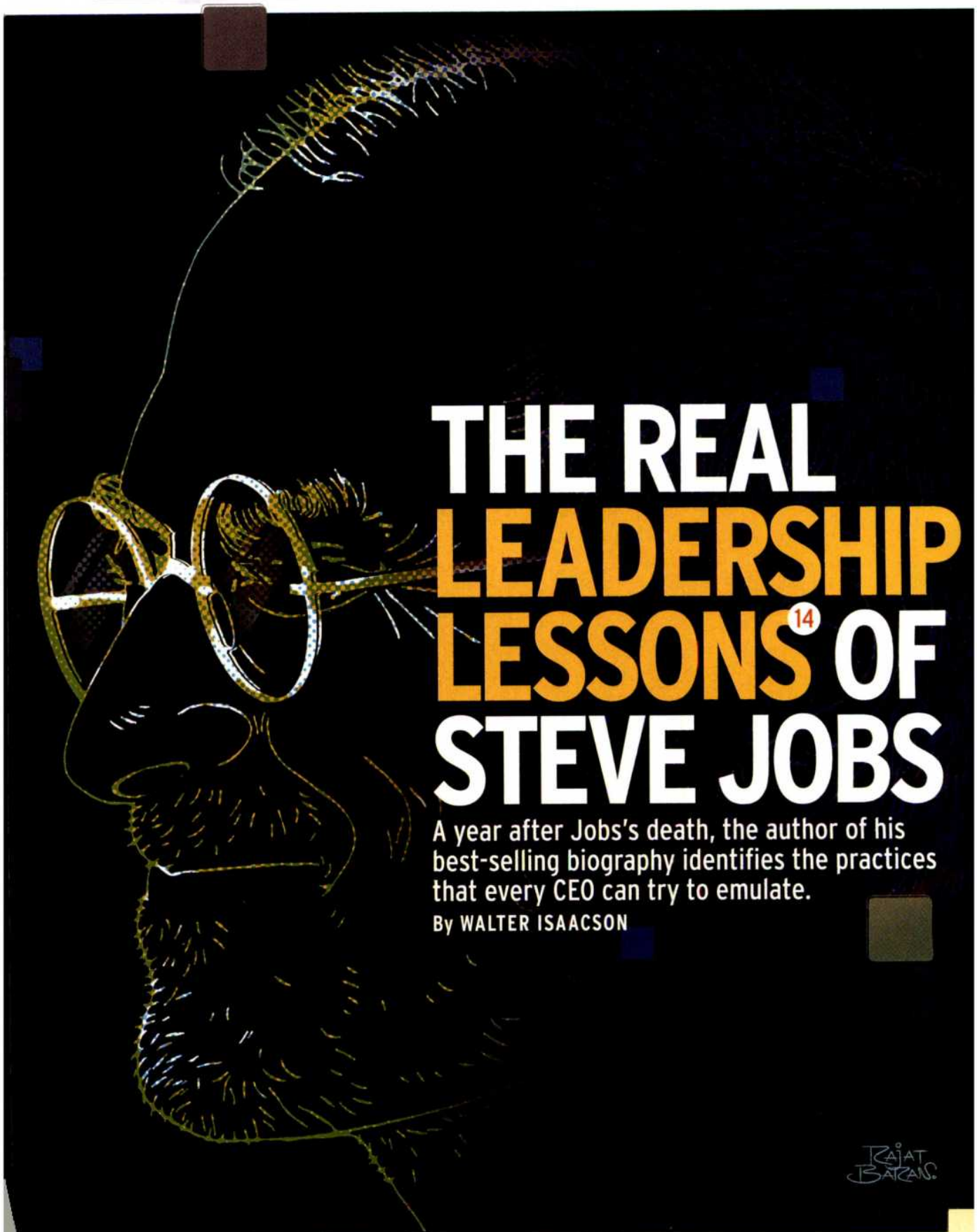


THE REAL LEADERSHIP LESSONS OF STEVE JOBS

A year after Jobs's death, the author of his best-selling biography identifies the practices that every CEO can try to emulate.

By WALTER ISAACSON

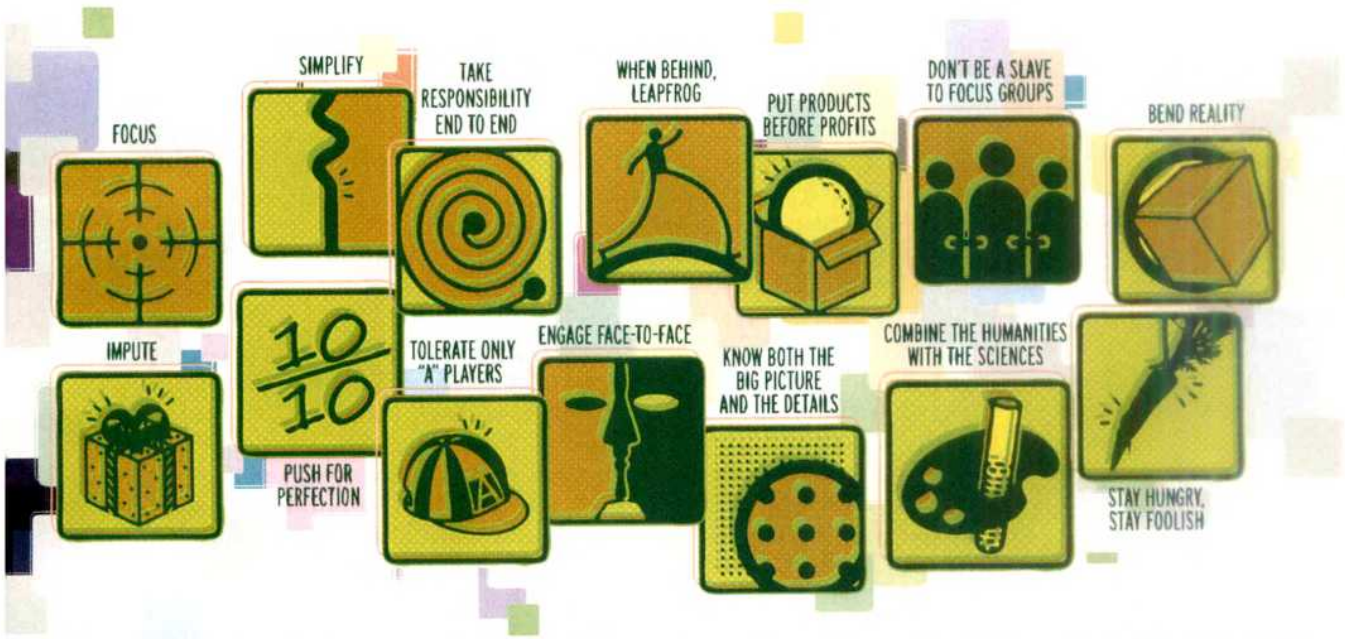
"The people who are crazy enough to think they can change the world are the ones who do"
Apple's "Think Different" commercial, 1997

THIS saga is the entrepreneurial creation myth writ large: Steve Jobs cofounded Apple in his parents' garage in 1976, was ousted in 1985, returned to rescue it from near bankruptcy in 1997, and by the time he died, in October 2011, had built it into the world's most valuable company. Along the way he helped to transform seven industries: personal computing, animated movies, music, phones, tablet computing, retail stores, and digital publishing. He thus belongs in the pantheon of America's great innovators, along with Thomas Edison, Henry Ford, and Walt Disney. None of these men was a saint, but long after their personalities are forgotten, history will remember how they applied imagination to technology and business.

In the months since my biography of Jobs came out, countless commentators have tried to draw management lessons from it. Some of those readers have been insightful, but I think that many of them (especially those with no experience in entrepreneurship) fixate too much on the rough edges of his personality. The essence of Jobs, I think, is that his personality was integral to his way of doing business. He acted as if the normal rules didn't apply to him, and the passion, intensity, and extreme emotionalism he brought to everyday life were things he also poured into the products he made. His petulance and impatience were part and parcel of his perfectionism.

One of the last times I saw him, after I had finished writing most of the book, I asked him again about his tendency to be rough on people. "Look at the results," he replied. "These are all smart people I work with, and any of them could get a top job at another place if they were truly feeling brutalised. But they don't." Then he paused for a few moments and said, almost wistfully, "And we got some amazing things done." Indeed, he and Apple had had a string of hits over the past dozen years that was greater than that of any other innovative company in modern times: iMac, iPod, iPod nano, iTunes Store, Apple Stores, MacBook, iPhone, iPad, App Store, OS X Lion – not to mention every Pixar film. And as he battled his final illness, Jobs was surrounded by an intensely loyal cadre of colleagues who had been inspired by him for years and a very loving wife, sister, and four children.

So I think the real lessons from Steve Jobs have to be drawn from looking at what he actually accomplished. I once asked him what he thought was his most important creation, thinking he would answer the iPad or the Macintosh. Instead he said it was Apple the company. Making an enduring company, he said, was both far harder and more important than making a great product. How did he do it? Business schools will be studying that question a century from now. Here are what I consider the keys to his success.



FOCUS

When Jobs returned to Apple in 1997, it was producing a random array of computers and peripherals, including a dozen different versions of the Macintosh. After a few weeks of product review sessions, he'd finally had enough. "Stop!" he shouted. "This is crazy." He grabbed a Magic Marker, padded in his bare feet to a whiteboard, and drew a two-by-two grid. "Here's what we need," he declared. Atop the two columns, he wrote "Consumer" and "Pro."

He labelled the two rows "Desktop" and "Portable." Their job, he told his team members, was to focus on four great products, one for each quadrant. All other products should be cancelled. There was a stunned silence. But by getting Apple to focus on making just four computers, he saved the company. "Deciding what not to do is as important as deciding what to do," he told me. "That's true for companies, and it's true for products."

After he righted the company, Jobs began taking his "top 100" people on a retreat each year. On the last day, he would stand in front of a whiteboard (he loved whiteboards, because they gave him complete control of a situation and they engendered focus) and ask, "What are the 10 things we should be doing next?" People would fight to get their suggestions on the list. Jobs would write them down – and then cross off the ones he decreed dumb. After much jockeying, the group would come up with a list of 10. Then Jobs would slash the bottom seven and announce, "We can only do three."

Focus was ingrained in Jobs's personality and had been honed by his Zen training. He relentlessly filtered out what he considered distractions. Colleagues and family members would at times be exasperated as they tried to get him to deal with issues – a legal problem, a medical diagnosis – they considered important. But he would give a cold stare and refuse to shift his laserlike focus until he was ready.

Near the end of his life, Jobs was visited at home by Larry Page, who was about to resume control of Google, the company he had cofounded. Even though their companies were feuding, Jobs was willing to give some advice. "The main thing I stressed was focus," he recalled. Figure out what Google wants to be when it grows up, he told Page. "It's now all over the map. What are the five products you want to focus on? Get rid of the rest, because they're dragging you down. They're turning you into Microsoft. They're causing you to turn out products that are adequate but not great." Page followed the advice. In January 2012 he told employees to focus on just a few priorities, such as Android and Google+, and to make them "beautiful," the way Jobs would have done.

SIMPLIFY

Jobs's Zenlike ability to focus was accompanied by the related instinct to simplify things by zeroing in on their essence and eliminating unnecessary components. "Simplicity is the ultimate sophistication," declared Apple's first marketing brochure. To see what that means, compare any Apple software with, say, Microsoft Word, which keeps getting uglier and more cluttered with nonintuitive navigational ribbons and intrusive features. It is a reminder of the glory of Apple's quest for simplicity.

Jobs learned to admire simplicity when he was working the night shift at Atari as a college dropout. Atari's games came with no manual and needed to be uncomplicated enough that a stoned freshman could figure them out. The only instructions for its Star Trek game were: "1. Insert quarter. 2. Avoid Klingons." His love of simplicity in design was refined at design conferences he attended at the Aspen Institute in the late 1970s on a campus built in the Bauhaus style, which emphasised clean lines and functional design devoid of frills or distractions.

When Jobs visited Xerox's Palo Alto Research Center and saw the plans for a computer that had a graphical user interface and a mouse, he set about making the design both more intuitive (his team enabled the user to drag and drop documents and folders on a virtual desktop) and simpler. For example, the Xerox mouse had three buttons and cost $300; Jobs went to a local industrial design firm and told one of its founders, Dean Hovey, that he wanted a simple, single-button model that cost $15. Hovey complied.

Jobs aimed for the simplicity that comes from conquering, rather than merely ignoring, complexity. Achieving this depth of simplicity, he realised, would produce a machine that felt as if it deferred to users in a friendly way, rather than challenging them. "It takes a lot of hard work," he said, "to make something simple, to truly understand the underlying challenges and come up with elegant solutions."

In Jony Ive, Apple's industrial designer, Jobs met his soul mate in the quest for deep rather than superficial simplicity. They knew that simplicity is not merely a minimalist style or the removal of clutter. In order to eliminate screws, buttons, or excess navigational screens, it was necessary to understand profoundly the role each element played. "To be truly simple, you have to go really deep," Ive explained. "For example, to have no screws on something, you can end up having a product that is so convoluted and so complex. The better way is to go deeper with the simplicity, to understand everything about it and how it's manufactured."

During the design of the iPod interface, Jobs tried at every meeting to find ways to cut clutter. He insisted on being able to get to whatever he wanted in three clicks. One navigation screen, for example, asked users whether they wanted to search by song, album, or artist. "Why do we need that screen?" Jobs demanded. The designers realised they didn't. "There would be times when we'd rack our brains on a user interface problem, and he would go, 'Did you think of this?'" says Tony Fadell, who led the iPod team. "And then we'd all go, 'Holy shit.' He'd redefine the problem or approach, and our little problem would go away." At one point Jobs made the simplest of all suggestions: Let's get rid of the on/off button. At first the team members were taken aback, but then they realised the button was unnecessary. The device would gradually power down if it wasn't being used and would spring to life when reengaged.

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Likewise, when Jobs was shown a cluttered set of proposed navigation screens for iDVD, which allowed users to burn video onto a disk, he jumped up and drew a simple rectangle on a whiteboard. "Here's the new application," he said. "It's got one window. You drag your video into the window. Then you click the button that says 'Burn.' That's it. That's what we're going to make."

In looking for industries or categories ripe for disruption, Jobs always asked who was making products more complicated than they should be. In 2001 portable music players and ways to acquire songs online fit that description, leading to the iPod and the iTunes Store. Mobile phones were next. Jobs would grab a phone at a meeting and rant (correctly) that nobody could possibly figure out how to navigate half the features, including the address book. At the end of his career he was setting his sights on the television industry, which had made it almost impossible for people to click on a simple device to watch what they wanted when they wanted.

TAKE RESPONSIBILITY END TO END

Jobs knew that the best way to achieve simplicity was to make sure that hardware, software, and peripheral devices were seamlessly integrated. An Apple ecosystem – an iPod connected to a Mac with iTunes software, for example – allowed devices to be simpler, syncing to be smoother, and glitches to be rarer. The more complex tasks, such as making new playlists, could be done on the computer, allowing the iPod to have fewer functions and buttons.

Jobs and Apple took end-to-end responsibility for the user experience – something too few companies do. From the performance of the ARM microprocessor in the iPhone to the act of buying that phone in an Apple Store, every aspect of the customer experience was tightly linked together. Both Microsoft in the 1980s and Google in the past few years have taken a more open approach that allows their operating systems and software to be used by various hardware manufacturers. That has sometimes proved the better business model. But Jobs fervently believed that it was a recipe for (to use his technical term) crappier products. "People are busy," he said. "They have other things to do than think about how to integrate their computers and devices."

Part of Jobs's compulsion to take responsibility for what he called "the whole widget" stemmed from his personality, which was very controlling. But it was also driven by his passion for perfection and making elegant products. He got hives, or worse, when contemplating the use of great Apple software on another company's uninspired hardware, and he was equally allergic to the thought that unapproved apps or content might pollute the perfection of an Apple device. It was an approach that did not always maximise short-term profits, but in a world filled with junky devices, inscrutable error messages, and annoying interfaces, it led to astonishing products marked by delightful user experiences. Being in the Apple ecosystem could be as sublime as walking in one of the Zen gardens of Kyoto that Jobs loved, and neither experience was created by worshipping at the altar of openness or by letting a thousand flowers bloom. Sometimes it's nice to be in the hands of a control freak.

WHEN BEHIND, LEAPFROG

The mark of an innovative company is not only that it comes up with new ideas first. It also knows how to leapfrog when it finds itself behind. That happened when Jobs built the original iMac. He focused on making it useful for managing a user's photos and videos, but it was left behind when dealing with music. People with PCs were downloading and swapping music and then ripping and burning their own CDs. The iMac's slot drive couldn't burn CDs. "I felt like a dope," he said. "I thought we had missed it."

But instead of merely catching up by upgrading the iMac's CD drive, he decided to create an integrated system that would transform the music industry. The result was the combination of iTunes, the iTunes Store, and the iPod, which allowed users to buy, share, manage, store, and play music better than they could with any other devices.

After the iPod became a huge success, Jobs spent little time relishing it. Instead he began to worry about what might endanger it. One possibility was that mobile phone makers would start adding music players to their handsets. So he cannibalised iPod sales by creating the iPhone. "If we don't cannibalise ourselves, someone else will," he said.

PUT PRODUCTS BEFORE PROFITS

When Jobs and his small team designed the original Macintosh, in the early 1980s, his injunction was to make it "insanely great." He never spoke of profit maximisation or cost trade-offs. "Don't worry about price, just specify the computer's abilities," he told the original team leader. At his first retreat with the Macintosh team, he began by writing a maxim on his whiteboard: "Don't compromise." The machine that resulted cost too much and led to Jobs's ouster from Apple. But the Macintosh also "put a dent in the universe," as he said, by accelerating the home computer revolution. And in the long run he got the balance right: Focus on making the product great and the profits will follow.

John Sculley, who ran Apple from 1983 to 1993, was a marketing and sales executive from Pepsi. He focused more on profit maximisation than on product design after Jobs left, and Apple gradually declined. "I have my own theory about why decline happens at companies," Jobs told me:

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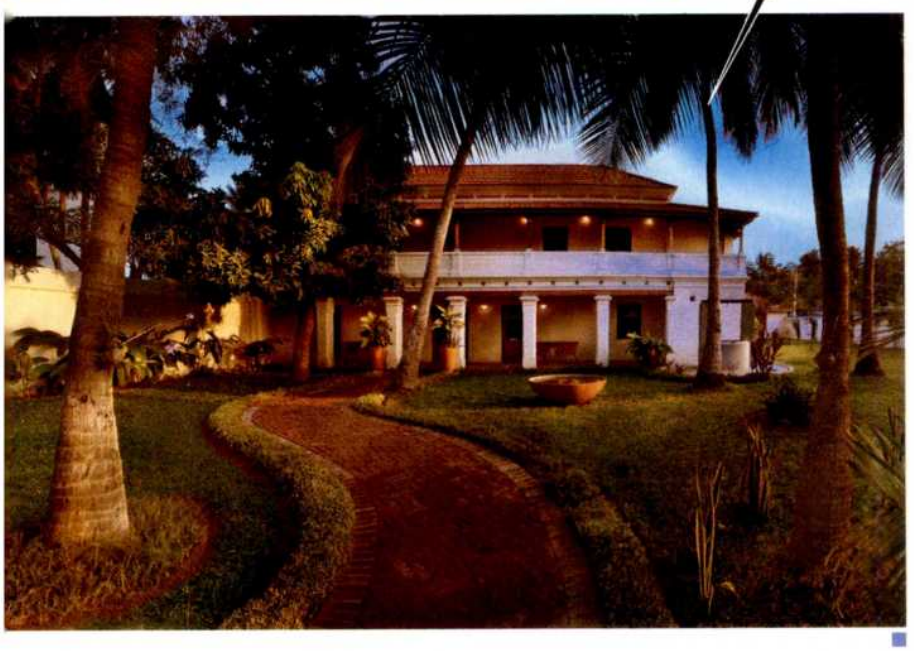

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They make some great products, but then the sales and marketing people take over the company, because they are the ones who can juice up profits. "When the sales guys run the company, the product guys don't matter so much, and a lot of them just turn off. It happened at Apple when Sculley came in, which was my fault, and it happened when Ballmer took over at Microsoft."

When Jobs returned, he shifted Apple's focus back to making innovative products: the sprightly iMac, the PowerBook, and then the iPod, the iPhone, and the iPad. As he explained, "My passion has been to build an enduring company where people were motivated to make great products. Everything else was secondary. Sure, it was great to make a profit, because that was what allowed you to make great products. But the products, not the profits, were the motivation. Sculley flipped these priorities to where the goal was to make money. It's a subtle difference, but it ends up meaning everything – the people you hire, who gets promoted, what you discuss in meetings."

DON'T BE A SLAVE TO FOCUS GROUPS

When Jobs took his original Macintosh team on its first retreat, one member asked whether they should do some market research to see what customers wanted. "No," Jobs replied, "because customers don't know what they want until we've shown them." He invoked Henry Ford's line "If I'd asked customers what they wanted, they would have told me, 'A faster horse!'"

Caring deeply about what customers want is much different from continually asking them what they want; it requires intuition and instinct about desires that have not yet formed. "Our task is to read things that are not yet on the page," Jobs explained. Instead of relying on market research, he honed his version of empathy – an intimate intuition about the desires of his customers. He developed his appreciation for intuition – feelings that are based on accumulated experiential wisdom – while he was studying Buddhism in India as a college dropout. "The people in the Indian countryside don't use their intellect like we do; they use their intuition instead," he recalled. "Intuition is a very powerful thing – more powerful than intellect, in my opinion."

Sometimes that meant that Jobs used a one-person focus group: himself. He made products that he and his friends wanted. For example, there were many portable music players around in 2000, but Jobs felt they were all lame, and as a music fanatic he wanted a simple device that would allow him to carry a thousand songs in his pocket. "We made the iPod for ourselves," he said, "and when you're doing something for yourself, or your best friend or family, you're not going to cheese out."

BEND REALITY

Jobs's (in)famous ability to push people to do the impossible was dubbed by colleagues his Reality Distortion Field, after an episode of *Star Trek* in which aliens create a convincing alternative reality through sheer mental force. An early example was when Jobs was on the night shift at Atari and pushed Steve Wozniak to create a game called Breakout. Woz said it would take months, but Jobs stared at him and insisted he could do it in four days. Woz knew that was impossible, but he ended up doing it.

Those who did not know Jobs interpreted the Reality Distortion Field as a euphemism for bullying and lying. But those who worked with him admitted that the trait, infuriating as it might be, led them to perform extraordinary feats. Because Jobs felt that life's ordinary rules didn't apply to him, he could inspire his team to change the course of computer history with a small fraction of the resources that Xerox or IBM had. "It was a self-fulfilling distortion," recalls Debi Coleman, a member of the original Mac team who won an award one year for being the employee who best stood up to Jobs. "You did the impossible because you didn't realise it was impossible."

One day Jobs marched into the cubicle of Larry Kenyon, the engineer who was working on the Macintosh operating system, and complained that it was taking too long to boot up. Kenyon started to explain why reducing the boot-up time wasn't possible, but Jobs cut him off. "If it would save a person's life, could you find a way to shave 10 seconds off the boot time?" he asked. Kenyon allowed that he probably could. Jobs went to a whiteboard and showed that if five million people were using the Mac and it took 10 seconds extra to turn it on every day, that added up to 300 million or so hours a year—the equivalent of at least 100 lifetimes a year. After a few weeks Kenyon had the machine booting up 28 seconds faster.

When Jobs was designing the iPhone, he decided that he wanted its face to be a tough, scratchproof glass, rather than plastic. He met with Wendell Weeks, the CEO of Corning, who told him that Corning had developed a chemical exchange process in the 1960s that led to what it dubbed "Gorilla glass." Jobs replied that he wanted a major shipment of Gorilla glass in six months. Weeks said that Corning was not making the glass and didn't have that capacity. "Don't be afraid," Jobs replied. This stunned Weeks, who was unfamiliar with Jobs's Reality Distortion Field. He tried to explain that a false sense of confidence would not overcome engineering challenges, but Jobs had repeatedly shown that he didn't accept that premise. He stared unblinking at Weeks. "Yes, you can do it," he said. "Get your mind around it. You can do it." Weeks recalls that he shook his head in astonishment and then called the managers of Corning's facility in Harrodsburg, Kentucky,

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which had been making LCD displays, and told them to convert immediately to making Gorilla glass full-time. "We did it in under six months," he says. "We put our best scientists and engineers on it, and we just made it work." As a result, every piece of glass on an iPhone or an iPad is made in America by Corning.

IMPUTE

Jobs's early mentor Mike Markkula wrote him a memo in 1979 that urged three principles. The first two were "empathy" and "focus." The third was an awkward word, "impute," but it became one of Jobs's key doctrines. He knew that people form an opinion about a product or a company on the basis of how it is presented and packaged. "Mike taught me that people *do* judge a book by its cover," he told me.

When he was getting ready to ship the Macintosh in 1984, he obsessed over the colours and design of the box. Similarly, he personally spent time designing and redesigning the jewellike boxes that cradle the iPod and the iPhone and listed himself on the patents for them. He and Ive believed that unpacking was a ritual like theatre and heralded the glory of the product. "When you open the box of an iPhone or iPad, we want that tactile experience to set the tone for how you perceive the product," Jobs said.

Sometimes Jobs used the design of a machine to "impute" a signal rather than to be merely functional. For example, when he was creating the new and playful iMac, after his return to Apple, he was shown a design by Ive that had a little recessed handle nestled in the top. It was more semiotic than useful. This was a desktop computer. Not many people were really going to carry it around. But Jobs and Ive realised that a lot of people were still intimidated by computers. If it had a handle, the new machine would seem friendly, deferential, and at one's service. The handle signalled permission to touch the iMac. The manufacturing team was opposed to the extra cost, but Jobs simply announced, "No, we're doing this." He didn't even try to explain.

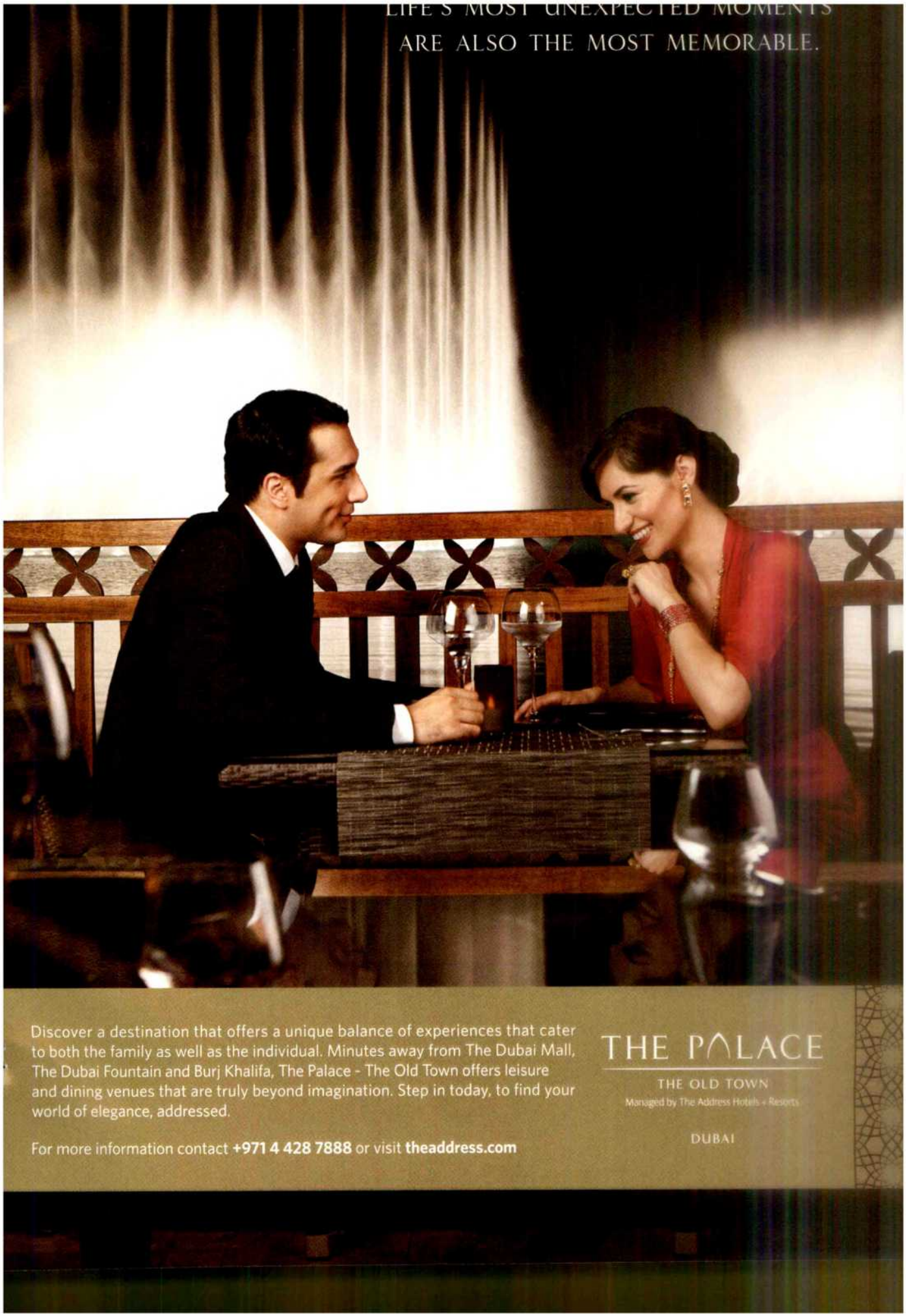
PUSH FOR PERFECTION

During the development of almost every product he ever created, Jobs at a certain point "hit the pause button" and went back to the drawing board because he felt it wasn't perfect. That happened even with the movie *Toy Story*. After Jeff Katzenberg and the team at Disney, which had bought the rights to the movie, pushed the Pixar team to make it edgier and darker, Jobs and the director, John Lasseter, finally stopped production and rewrote the story to make it friendlier. When he was about to launch Apple Stores, he and his store guru, Ron Johnson, suddenly decided to delay everything a few months so that the stores' layouts could be reorganised around activities and not just product categories.

The same was true for the iPhone. The initial design had the glass screen set into an aluminum case. One Monday morning Jobs went over to see Ive. "I didn't sleep last night," he said, "because I realised that I just don't love it." Ive, to his dismay, instantly saw that Jobs was right. "I remember feeling absolutely embarrassed that he had to make the observation," he says. The problem was that the iPhone should have been all about the display, but in its current design the case competed with the display instead of getting out of the way. The whole device felt too masculine, task-driven, efficient. "Guys, you've killed yourselves over this design for the last nine months, but we're going to change it," Jobs told Ive's team. "We're all going to have to work nights and weekends, and if you want, we can hand out some guns so you can kill us now." Instead of balking, the team agreed. "It was one of my proudest moments at Apple," Jobs recalled.

A similar thing happened as Jobs and Ive were finishing the iPad. At one point Jobs looked at the model and felt slightly dissatisfied. It didn't seem casual and friendly enough to scoop up and whisk away. They needed to signal that you could grab it with one hand, on impulse. They decided that the bottom edge should be slightly rounded, so that a user would feel comfortable just snatching it up rather than lifting it carefully. That meant engineering had to design the necessary connection ports and buttons in a thin, simple lip that sloped away gently underneath. Jobs delayed the product until the change could be made.

Jobs's perfectionism extended even to the parts unseen. As a young boy, he had helped his father build a fence around their backyard, and he was told they had to use just as much care on the back of the fence as on the front. "Nobody will ever know," Steve said. His father replied, "But you will know." A true craftsman uses a good piece of wood even for the back of a cabinet against the wall, his father explained, and they should do the same for the back of the fence. It was the mark of an artist to have such a passion for perfection. In overseeing the Apple II and the Macintosh, Jobs applied this lesson to the circuit board inside the machine. In both instances he sent the engineers back to make the chips line up neatly so the board would look nice. This seemed particularly odd to the engineers of the Macintosh, because Jobs had decreed that the machine be tightly sealed. "Nobody is going to see the PC board," one of them protested. Jobs reacted as his father had: "I want it to be as beautiful as possible, even if it's inside the box. A great carpenter isn't going to use lousy wood for the back of a cabinet, even though nobody's going to see it." They were true artists, he said, and should act that way. And once the board



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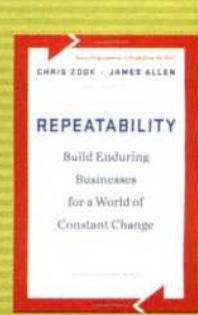

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was redesigned, he had the engineers and other members of the Macintosh team sign their names so that they could be engraved inside the case. "Real artists sign their work," he said.

TOLERATE ONLY "A" PLAYERS

Jobs was famously impatient, petulant, and tough with the people around him. But his treatment of people, though not laudable, emanated from his passion for perfection and his desire to work with only the best. It was his way of preventing what he called "the bozo explosion," in which managers are so polite that mediocre people feel comfortable sticking around. "I don't think I run roughshod over people," he said, "but if something sucks, I tell people to their face. It's my job to be honest." When I pressed him on whether he could have gotten the same results while being nicer, he said perhaps so. "But it's not who I am," he said. "Maybe there's a better way – a gentlemen's club where we all wear ties and speak in this Brahmin language and velvet code words – but I don't know that way, because I am middle-class from California."

Was all his stormy and abusive behaviour necessary? Probably not. There were other ways he could have motivated his team. "Steve's contributions could have been made without so many stories about him terrorising folks," Apple's cofounder, Wozniak, said. "I like being more patient and not having so many conflicts. I think a company can be a good family." But then he added something that is undeniably true: "If the Macintosh project had been run my way, things probably would have been a mess."

It's important to appreciate that Jobs's rudeness and roughness were accompanied by an ability to be inspirational. He infused Apple employees with an abiding passion to create groundbreaking products and a belief that they could accomplish what seemed impossible. And we have to judge him by the outcome. Jobs had a close-knit family, and so it was at Apple: His top players tended to stick around longer and be more loyal than those at other companies, including ones led by bosses who were kinder and gentler. CEOs who study Jobs and decide to emulate his roughness without understanding his ability to generate loyalty make a dangerous mistake.

"I've learned over the years that when you have really good people, you don't have to baby them," Jobs told me. "By expecting them to do great things, you can get them to do great things. Ask any member of that Mac team. They will tell you it was worth the pain." Most of them do. "He would shout at a meeting, 'You asshole, you never do anything right,'" Debi Coleman recalls. "Yet I consider myself the absolute luckiest person in the world to have worked with him."

ENGAGE FACE-TO-FACE

Despite being a denizen of the digital world, or maybe because he knew all too well its potential to be isolating, Jobs was a strong believer in face-to-face meetings. "There's a temptation in our networked age to think that ideas can be developed by e-mail and iChat," he told me. "That's crazy. Creativity comes from spontaneous meetings, from random discussions. You run into someone, you ask what they're doing, you say 'Wow,' and soon you're cooking up all sorts of ideas."

He had the Pixar building designed to promote unplanned encounters and collaborations. "If a building doesn't encourage that, you'll lose a lot of innovation and the magic that's sparked by serendipity," he said. "So we designed the building to make people get out of their offices and mingle in the central atrium with people they might not otherwise see." The front doors and main stairs and corridors all led to the atrium; the café and the mailboxes were there; the conference rooms had windows that looked out onto it; and the 600-seat theatre and two smaller screening rooms all spilled into it. "Steve's theory worked from day one," Lasseter recalls. "I kept running into people I hadn't seen for months. I've never seen a building that promoted collaboration and creativity as well as this one."

Jobs hated formal presentations, but he loved free-wheeling face-to-face meetings. He gathered his executive team every week to kick around ideas without a formal agenda, and he spent every Wednesday afternoon doing the same with his marketing and advertising team. Slide shows were banned. "I hate the way people use slide presentations instead of thinking," Jobs recalled. "People would confront a problem by creating a presentation. I wanted them to engage, to hash things out at the table, rather than show a bunch of slides. People who know what they're talking about don't need PowerPoint."

KNOW BOTH THE BIG PICTURE AND THE DETAILS

Jobs's passion was applied to issues both large and minuscule. Some CEOs are great at vision; others are managers who know that God is in the details. Jobs was both. Time Warner CEO Jeff Bewkes says that one of Jobs's salient traits was his ability and desire to envision overarching strategy while also focusing on the tiniest aspects of design. For example, in 2000 he came up with the grand vision that the personal computer should become a "digital hub" for managing all of a user's music, videos, photos, and content, and thus got Apple into the personal-device business with the iPod and then the iPad. In 2010 he came up with the successor strategy – the "hub" would move to the cloud – and Apple began building a huge server farm so that

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all a user's content could be uploaded and then seamlessly synced to other personal devices. But even as he was laying out these grand visions, he was fretting over the shape and colour of the screws inside the iMac.

COMBINE THE HUMANITIES WITH THE SCIENCES

"I always thought of myself as a humanities person as a kid, but I liked electronics," Jobs told me on the day he decided to cooperate on a biography. "Then I read something that one of my heroes, Edwin Land of Polaroid, said about the importance of people who could stand at the intersection of humanities and sciences, and I decided that's what I wanted to do." It was as if he was describing the theme of his life, and the more I studied him, the more I realised that this was, indeed, the essence of his tale.

He connected the humanities to the sciences, creativity to technology, arts to engineering. There were greater technologists (Wozniak, Gates), and certainly better designers and artists. But no one else in our era could better firewire together poetry and processors in a way that jolted innovation. And he did it with an intuitive feel for business strategy. At almost every product launch over the past decade, Jobs ended with a slide that showed a sign at the intersection of Liberal Arts and Technology Streets.

The creativity that can occur when a feel for both the humanities and the sciences exists in one strong personality was what most interested me in my biographies of Franklin and Einstein, and I believe that it will be a key to building innovative economies in the 21st century. It is the essence of applied imagination, and it's why both the humanities and the sciences are critical for any society that is to have a creative edge in the future.

Even when he was dying, Jobs set his sights on disrupting more industries. He had a vision for turning textbooks into artistic creations that anyone with a Mac could fashion and craft – something that Apple announced in January 2012. He also dreamed of producing magical tools for digital photography and ways to make television simple and personal. Those, no doubt, will come as well. And even though he will not be around to see them to fruition, his rules for success helped him build a company that not only will create these and other disruptive products, but will stand at the intersection of creativity and technology as long as Jobs's DNA persists at its core.

STAY HUNGRY, STAY FOOLISH

Steve Jobs was a product of the two great social movements that emanated from the San Francisco Bay Area in the late 1960s. The first was the counterculture of hippies and antiwar activists, which was marked by psychedelic drugs, rock music, and antiauthoritarianism. The second was the high-tech and hacker culture of Silicon Valley, filled with engineers, geeks, wireheads, phreakers, cyberpunks, hobbyists, and garage entrepreneurs. Overlying both were various paths to personal enlightenment – Zen and Hinduism, meditation and yoga, primal scream therapy and sensory deprivation, Esalen and est (Erhards Seminars Training). [The last two are part of the human potential movement of the 1960s and 1970s in the US, aimed at self-transformation.]

An admixture of these cultures was found in publications such as Stewart Brand's *Whole Earth Catalog*. On its first cover was the famous picture of Earth taken from space, and its subtitle was "access to tools." The underlying philosophy was that technology could be our friend. Jobs – who became a hippie, a rebel, a spiritual seeker, a phone phreaker, and an electronic hobbyist all wrapped into one – was a fan. He was particularly taken by the final issue, which came out in 1971, when he was still in high school. He took it with him to college and then to the apple farm commune where he lived after dropping out. He later recalled: "On the back cover of their final issue was a photograph of an early morning country road, the kind you might find yourself hitchhiking on if you were so adventurous. Beneath it were the words: 'Stay Hungry. Stay Foolish.'" Jobs stayed hungry and foolish throughout his career by making sure that the business and engineering aspect of his personality was always complemented by a hippie nonconformist side from his days as an artistic, acid-dropping, enlightenment-seeking rebel. In every aspect of his life – the women he dated, the way he dealt with his cancer diagnosis, the way he ran his business – his behaviour reflected the contradictions, confluence, and eventual synthesis of all these varying strands.

Even as Apple became corporate, Jobs asserted his rebel and counterculture streak in its ads, as if to proclaim that he was still a hacker and a hippie at heart. The famous "1984" ad showed a renegade woman outrunning the thought police to sling a sledgehammer at the screen of an Orwellian Big Brother. And when he returned to Apple, Jobs helped write the text for the "Think Different" ads: "Here's to the crazy ones. The misfits. The rebels. The troublemakers. The round pegs in the square holes..." If there was any doubt that, consciously or not, he was describing himself, he dispelled it with the last lines: "While some see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world are the ones who do." ◆

Walter Isaacson, *the CEO of the Aspen Institute, is the author of* Steve Jobs *and of biographies of Henry Kissinger, Benjamin Franklin, and Albert Einstein. This article was published in* Harvard Business Review, *April 2012.* *Copyright © 2012 Harvard Business School Publishing Corporation. All rights reserved.*

MONEY

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EXCHANGE TRADED FUNDS ARE STILL VERY SMALL COMPARED WITH THE MUTUAL FUND INDUSTRY'S TOTAL ASSETS

Learn the Fund-amentals

The pros and cons of investing in exchange-traded funds.

By **SOWMYA KAMATH**

Exchange-traded funds (ETFs), which offer both the flexibility of a stock and the protection of a fund, are becoming popular with Indian investors.

Unlike mutual funds, which have a single net asset value (NAV) per day, determined after trading for the day closes, ETFs trade on exchanges and their value can fluctuate all the time during trading hours. ETFs, however, invest only in stocks comprising an index. For example, a Nifty ETF will invest in the 50 stocks comprising the Nifty.

Financial planners are increasingly recommending ETFs to investors who have long-term goals and want to invest in equity without taking too much risk. This is reflected in average assets under management in the retail ETF category, which have risen from ₹59 crore in March 2009 to ₹394 crore in March 2012, according to the Association of Mutual Funds in India.

However, equity ETF volumes, unlike those of gold ETFs, are still very small compared to the mutual fund industry's total assets. "ETFs

BEST IN MEDIUM RANGE

Returns given by some leading ETFs over different periods

SCHEME NAME	1 YEAR	3 YEARS	5 YEARS
Reliance Banking ETF	-2.9411	**13.1093**	
GS Bank BeES	-3.9573	**12.7223**	9.6671
GS Junior BeES	-7.9025	**6.2969**	2.8898
GS PSU Bank BeES	-20.0587	**5.9289**	
Kotak PSU Bank ETF	-20.9264	**5.8635**	
SPIcE	-2.7978	**5.2090**	3.5373
Quantum Index ETF	-3.9783	**5.1204**	
GS Nifty BeES	-5.6389	**4.7421**	3.7103
Kotak Sensex ETF	-4.5831	**4.6657**	
GS S&P Shariah BeES	-6.0351	**1.4092**	
AVERAGE	**-7.8819**	**6.5067**	**4.9511**

All figures in per cent

Source: Accord Fintech

became popular with gold ETFs, even though gold ETFs came later than equity ETFs," says Lakshmi Iyer, Head, Products and Fixed Income, Kotak Mutual Fund.

The proportion in which an ETF allocates money in different stocks is often the same as individual stocks' weight in the index. But again, this may not always be the case.

An investor can buy or sell ETFs on the exchange without approaching the fund house. Such trades attract a brokerage.

Unlike a regular mutual fund, where investors can buy a fraction of the unit, ETFs are available in multiples of one only. Big investors can directly approach the fund house for sale or purchase if the lot size is big and the units are not available in the market. The lot size is determined by the fund house. Usually, it is more than ₹15 to 20 lakh.

ETFs have a NAV, too – the price of each unit at the end of the day. But as ETFs trade in real time, funds provide an indicative NAV, or iNAV.

ETF prices depend on demand and supply on exchanges. "When there is more demand than the units on sale, the market price may be 25-50 basis points more than the iNAV. If there are more sellers than buyers, the price may be 25-50 basis points less," says Rajnish Rastogi, Senior Fund Manager and co-head, equities, Motilal Oswal AMC.

Thus iNAV may be different from the market price. So, there is a possibility of arbitrage. However, institutional or big investors move in fast to plug any price difference, putting small investors at a disadvantage. An investor can buy on an exchange and sell to an asset management company (AMC), or sell on an exchange after buying from an AMC to gain from arbitrage.

ETF GROWTH

	AVERAGE AUM	IN RETAIL
MAR '09	**659.91**	59.04
MAR '10	**956.59**	117.9
MAR '11	**2,516.43**	272.01
MAR '12	**1,606.54**	394.48

Figures in ₹ crore

Though ETFs are gaining in popularity, they face liquidity issues. Unlike in the case of a regular mutual fund, AMCs do not deal directly with small investors. If there is not much liquidity in a product you want to buy or sell, you can ask the AMC to give you details of the authorised participant or the market maker who gives buy/sell quotes. A market maker is a broker-dealer firm that accepts the risk of holding particular securities to facilitate trading.

In such a case, there are chances that the quote offered may be less than the market price. So, one must negotiate hard. The market maker accumulates units from retail investors and after acquring a sizeable amount sells to a fund house. "Recently, we found that an ETF which our client wanted to buy was not available in the market in the required quantity. He had to pay a three per cent premium to the market price to acquire it," says a financial planner. However, some fund houses take steps to protect investors' interest. "For three of the ETFs we have launched, in case the market price is at a discount of more than three per cent over a period, we open the ETF for direct redemption by retail investors in multiples of one unit. This protects retail investors," says Rastogi of Motilal Oswal. This means if the market price of an ETF is at a discount to its iNAV by over three per cent, you can directly contact the AMC for redemption rather than go to the market maker.

Comparing ETFs to mutual funds is like comparing stocks to mutual funds. Every investment is different. One of the main advantages of investing in an index ETF is that you can sell and buy at real time prices rather than wait for the closing of the day to determine the price. Also, one can get access to the equity market but with limited risk. Moreover, the risk of the fund manager's discretion is eliminated. ◆

Courtesy: *Money Today*

LAST BUT NOT LEAST

BOOKS 133 CAREERS 136 PEOPLEBUSINESS 142

Made in Infosys

How the tech giant helped ace chef Jean Michel Jasserand metamorphose into an entrepreneur running a string of thriving restaurants. By GOUTAM DAS

PHOTOGRAPHS BY DEEPAK G. PAWAR/www.indiatodayimages.com

Big fish: Jean Michel Jasserand now owns seven restaurants in Bangalore, thanks to his special relationship with Infosys

He had knocked around the world quite a bit – Australia, Korea, Japan, Singapore, Dubai, Egypt and Hawaii in the United States – working in hotels and restaurants. But Jean Michel Jasserand, now 51, has made Bangalore, some 7,448 km away from Nice, France, where he hails from, his home for the last 10 years. He began as head chef at The Leela Palace hotel. But with some help from tech giant Infosys, he has transformed himself into one of the city's leading restaurateurs setting up a string of successful outlets – all in six years.

There is La Terrace, the first of the lot, on the Infosys campus at Electronic City on Bangalore's outskirts. Jasserand also runs an industrial catering service from the campus. He has begun a bakery and started another outlet at the food court within the premises as well. He also has three Italian restaurants called Toscano, one of them at UB City, one of Bangalore's swankiest areas, the other two in upmarket malls at Whitefield and Malleshwaram. There are also three French-style cafes named Café Noir, one of them again at UB city, the other two in leading malls.

Jasserand had been working at The Leela for four years, managing around 150 chefs, when he was approached by former Infosys Chief Financial Officer Mohandas Pai. "I had seen Jasserand's performance when Russian President Vladimir Putin visited Infosys with his delegation in 2004," says Pai. "He did a good job." Pai came with a proposal: would Jasserand consider setting up a restaurant within Infosys's premises?

Infosys had its reasons for making the offer. It had its own food court for employees, but for high-profile visitors it entertained – and of which there was no shortage – catering was invariably done by leading city hotels. Sometimes the food arrived late, embarrassing the company. Senior officials also wanted a firmer grip on the quality of food, as well as on the costs of such entertainment, and believed a top class restaurant on campus was the answer. And Jasserand, with his close knowledge of European and Asian cuisines, his vast experience in managing hotels and people, seemed just the right person to run it.

Jasserand decided to take up the Infosys offer. But when he told the Leela management about it, he was immediately sacked. "Infosys took good care of me from then on," he says. "Moving out of a five-star was a big step. It was very stressful." He began by setting up his own company, JMJ Kitchen Consultancy, in partnership with Goutham Bala-subramanian, a Dubai-based chef he knew and admired, who agreed to return to India and team up with him. (The company has since been renamed Red Apple.)

Jasserand's catering proved a substantial cost saver for Infosys. "Six years back, The Leela Palace used to charge ₹850 a plate for a menu which offered two non-vegetarian dishes and three desserts," says an Infosys executive, preferring

Rich Pickings
What Jasserand earns from Infosys

La Terrace
₹22
lakh a month

Corporate catering
₹20
lakh a month

Bakery
₹11
lakh a month

Food Court Outlet*
₹22
lakh a month
*shut down recently
Figures are estimates

not to be named. "Jasserand suggested the idea of industrial catering. He offered five-star quality meals at a much lower price – three non-vegetarian dishes and six desserts at ₹300 per plate." He could do so because he had no infrastructural investments to make – Infosys provided it all. He only needed to bring in raw material and labour.

The step also enabled Infosys to enforce strict quality control, which it could not on food brought from outside. For instance, Chairman Emeritus N.R. Narayana Murthy believed strongly that nothing raw – such as leafy salads – should be served to visitors, many of whom were foreigners with sensitive stomachs. "Since Jean Michel started catering no client has ever comp-lained of a stomach upset, and that is largely because nothing on the table is raw," says Sujit Banerjee, a former facility manager at Infosys, whose task it was to conduct quality checks on the fare Jasserand served.

Among those Jasserand has catered to at Infosys have been Prime Minister Manmohan Singh and Congress President Sonia Gandhi, British Prime Minister David Cameron, Microsoft Founder Bill Gates and Dell chief Michael Dell. More recently, it was Jasserand who prepared the extravagant farewell dinner to mark Narayana Murthy's retirement as chairman in August last year. No doubt when volumes are very large, Infosys sometimes still ropes in five-star hotels to help out Jasserand.

Jasserand himself refuses to discuss money, as does Infosys. A spokesperson said the company would not comment on the business it gave vendors. But insiders estimate he makes a fair bit from Infosys, which has helped him open his other outlets. (See *Rich Pickings*.)

Jasserand is a colourful character – roaring around the city on his black Harley-Davidson, he is a regular at high-profile parties. But there are indications that his warm relationship with Infosys may be cooling. He recently shut down his outlet at Infosys's food court. In March this year, when Infosys hosted the United Nations Foundation board meeting, it was The Leela Palace which catered – charging ₹3,500 a plate – and not La Terrace.

Jasserand dismisses such talk. "I still do Mr Murthy's visitors," he says. "Recently, there was a French delegation visiting. I was asked to be there and I was there." ◆

Send your comments to editor.bt@intoday.com

Step by Step

2006: Jasserand started La Terrace at Infosys; took up VIP catering, opened outlet in Infy food court

2008: Opened the first Toscano restaurant, serving Italian fare, in UB City, Bangalore

2009: Opened another Toscano at Forum Value Mall, Whitefield

2010: Opened French style Café Noir in UB City

2012: Opened second Café Noir at Marketcity Mall

2012: Opened the third Toscano at Orion Mall, Malleshwaram

2012: Opened Café Noir, too, at Orion Mall

Toscano, UB City

Café Noir, UB City

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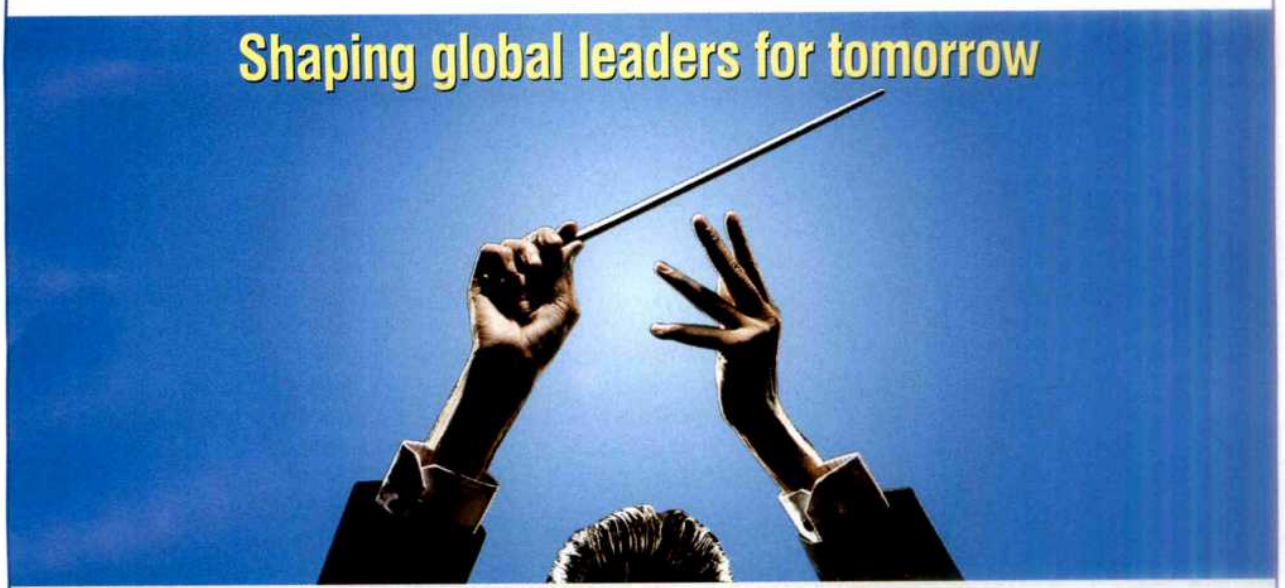

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NANDAGOPAL RAJAN

App-ly Your Mind

Android users need to be very discriminating while downloading apps

Since I could not afford a 'smart' TV, I settled for a 'smart' media player for my 'dumb' TV. Like all devices that are considered smart these days, my media player too supports apps – it can play YouTube files as well as hurl angry birds at delinquent pigs. It can open my mail, too. What it does not provide, of course, is privacy when I read my mails. My TV, after all, has a 40-inch screen. So, I have not so far bothered to log in to my mail, or my social networks, on the telly. But there are many who are not that conservative.

If only we were as smart as our phones and the apps that run on them. There are millions of apps to choose from, and the question arises: do we choose the right ones for ourselves? Do we have the apps that help us exploit our devices to the fullest? Sadly, the answer to both will be in the negative. I know people who own phones worth ₹30,000 or even more, but haven't heard of an app store. They are quite happy paying a hefty premium to instal capacity that will wither away sooner than later.

Then there are people who go to the other extreme and fill their devices with so many apps it becomes difficult for the device to carry out even basic functions without freezing every other minute. Ever heard of App Killer? One of the most popular apps for Android phones, it simply shuts down apps that are not needed at the moment. Wouldn't we all be much more organised if we stuck to just the apps we love and left some breathing space for the devices to run? If only there was an app to guide us in doing so.

Now, we all love freebies, and if research firm Gartner's calculations are correct, free apps will account for 89 per cent of all mobile app store downloads in 2012 – that is about 40 billion apps. But is the stuff really free? The free apps are either full of ads or take their pound of flesh by extracting personal information from users. Apparently, this information sells at a premium, giving the app makers a good revenue stream. Of course, there are decent app developers too, and you will find a good number of them on the Apple App Store, which does a great job of checking out products before putting them on its shelves.

But Android is an entirely different story. Being an open source platform, it is a free-for-all on the Google Play Store. Anyone can put anything on its shelves, and while it may not get the best display, the rogue stuff has this tendency of ending up on your device. Just carry out a search of the costliest Android apps to get a better idea. The top 10 apps on this list, most priced around $199, are fakes, just made to dupe you of your money. While most people won't fall for them, there will always be one or two who actually go through with the billing, and that is all these developers want. Worse are apps that carry malware – some try to corrupt your system, while others just sit there and spy on you, stealing important personal information for their agent provocateurs.

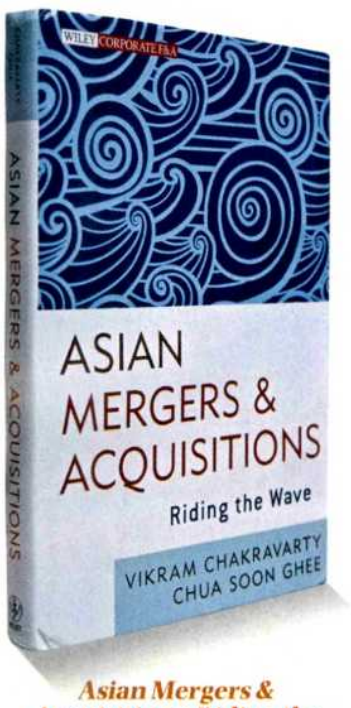
There are many ways to find the genuine apps, but most users usually don't bother. Given a choice between a free and a paid app, they would just go for the former without even thinking what the catch might be. Very often, the free apps – from games to creativity – make you go for in-app purchases, mostly for silly things that aren't worth a penny.

The conclusion: Android users are better off downloading their apps from stores set up by service providers or phones makers. That way you are assured of a degree of security and will get the apps that are best suited for your device. ◆

The writer is Associate Editor, Gadgets & Gizmos

Merging to Conquer

Asian firms are making more outbound acquisitions than European ones, says this book



Asian Mergers & Acquisitions: Riding the Wave

By Vikram Chakravarty and Chua Soon Ghee

Wiley

Pages: 224; Price: $60

This book is an excellent primer that executives and dealmakers alike can learn from. It is, in fact, two books in one. The first part shows, through informative case studies, how Asian companies are now engaging in more outbound mergers and acquisitions (M&As) than their European counterparts, thereby turbocharging their growth. The second part is a primer on how to plan for a successful acquisition and avoid the many pitfalls that are inherent to the M&A process.

In Part II, the authors, both partners at the Singapore offices of global consultancy AT Kearney, argue that in Europe, where markets are much more homogeneous, M&A consolidation follows a predictable pattern with two or three global companies often ending up dominating each sector. But in Asia, the highly fragmented nature of both markets and sectors gives rise to local champions who use their strong local knowledge not just to survive alongside global companies but to thrive. They can then break out through M&As.

Taking the example of Asia's retail sector, the authors show how in the fragmented retail sector in India, local companies seem to be vulnerable to global companies such as Walmart once foreign direct investment is opened up. But in China, after Carrefour and Walmart had built out the organised retail sector during the 1990s, local retailers used their local knowledge to carve out a niche for themselves alongside the global companies. In China, local players now account for seven of the top 10 retailers.

According to the authors, Asian companies use M&A as a tool to boost their growth in different ways. Over the past five years, the two most acquisitive countries in Asia have been China and India. In China, the state-sponsored national champions have typically acquired businesses overseas in the resources space for strategic reasons, often assisted by low interest loans. In India, private sector national champions such as Tata, Bharti, and Reliance, backed by the surging stock market, have broken out of their domestic scene through cross-border M&As.

There are plenty of risks inherent in M&As, particularly for growing Asian companies with no merger experience. While the authors show that fewer than half of all M&A deals are successful, in Part II they explain the factors that can be managed to improve chances of success on deals – pre-deal screening, the key elements of due diligence, and managing successful post merger integration. And an entire chapter is devoted to the importance of culture.

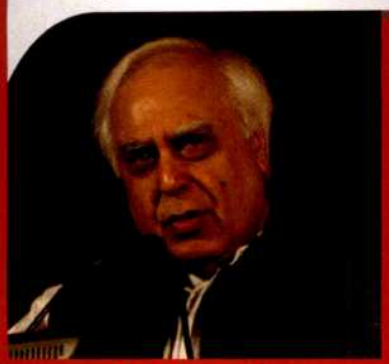
At a time of faltering growth and liquidity constraints across Asia, the authors' two main conclusions are interesting and provocative. First, Asian companies will not only survive but thrive in spite of the continent's fragmented markets. Second, companies do not have to be big to use cross-border M&As and break out of their home market, as Tata Tea (now called Tata Global Beverages) demonstrated in 2000 by acquiring Tetley – a company thrice its size. ◆

FRANK HANCOCK

The reviewer is Managing Director and Head of Corporate Finance, Barclays India

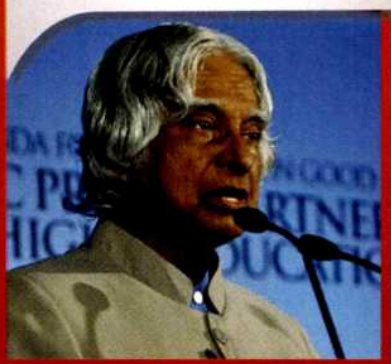
In Asia, the highly fragmented nature of markets and sectors gives rise to local champions who use their local knowledge not just to survive alongside global companies but to thrive

You must give the education sector infrastructure status so that private institutions can borrow long term and pay back over 20-25 years.



Mr Kapil Sibal
(Union Minister of Human Resource Development)

Public-private partnership (PPP) should be an integral part of the national policy for the development of a human resource cadre.



H.E. Dr APJ Abdul Kalam
(Former President of India)

The human resource index the true barometer, not t BSE Sensex.

Mrs Sheila Dikshit
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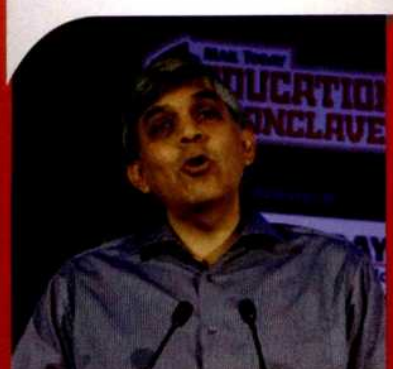

Dr Dinesh Singh
(Vice Chancellor, Delhi University)

If you provide quality you will remain or else you will perish.

Dr S. S. Mantha
(Chairman, AICTE)

The govt should concentrate its own schools. If it can rai the standards of its schools even 60% then the Indi school education scenario w change.

Mr Arun Kapur
(Executive Director, Learn Today)

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r Rajeev Shorey
esident, NIIT University)

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Dr Ashok Saxena
(Vice Chancellor, Galgotias University)

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Short-changed

Manasi Mithel on why women often earn less than men and are rarely on company boards

Despite the major inroads working women have made in recent times, they are still paid less than men. The World Bank's latest *World Development Report 2012: Gender Equality and Development* notes that globally women in salaried jobs still earn, on average, only 71 per cent of what men do for the same kind of work. Casual workers are even worse off, averaging only 56 per cent of the income of their male counterparts.

How does the Indian corporate world compare? It is difficult to say since there are many imponderables involved. But most of those queried agree women have some inherent disadvantages in negotiating salaries. For one, they are usually less aggressive, and less likely to question than men. A recent LinkedIn study of 400 professionals in India showed that while 37 per cent of male respondents felt perfectly comfortable about negotiating their salaries before taking up jobs, only 26 per cent of women felt the same. "The fear of what will happen if they turn down an offered salary is more with women than with men," says Priya Chetty Rajagopal, Partner and Vice President, Stanton Chase, an executive search firm.

Shalini Mahtani, Founder and Board Director of Hong Kong-based Community Business, an NGO which focuses on corporate social responsibility activities in Asia, including diversity at the workplace, agrees. "Women are just not as vocal as men when it comes to pitching for themselves," she says.

Taking maternity leave can also impact women's salaries and career advancement adversely, particularly if they are in the 35 to 40 age group, and have already risen some distance up the corporate ladder. "Women lose out on three to four months that their male counterparts spend working," says Anil Sachdev, CEO, School of Inspired Leadership (SOIL) and Grow Talent Company, an HR consultancy. "This can be a disadvantage when they re-enter the job space." Often, the break is longer.

SANTOSH

While unequal salaries are a tricky area, the glass ceiling is more clearly visible. One manifestation is the paucity of women on company boards. According to a study by search firm Korn/Ferry Institution earlier this year, women directors account for only 4.7 per cent of all boards of directors in India's 100 largest companies by market capitalisation. Indeed, India ranked lowest among the seven Asia-Pacific countries surveyed in this regard. Australia, at 11.2 per cent, ranked highest.

Major changes, however, have been taking place, to the extent that many in the corporate world believe any discussion of gender discrimination has become passé. Women are entering areas of work they had never done before, gaining both acceptability and appreciation. "When I joined our company in 2,000, women were only employed in support functions like HR," says

Prameela Kalive, Senior Vice President, Strategic Services, Zensar, a software services firm. "Now women hold portfolios in departments like marketing, strategy and delivery services." She herself, starting as a delivery manager, has since handled five key portfolios, including marketing and the company's emerging markets business.

Indeed, women are moving beyond the office. Electrical engineering, for instance, which requires spending more time in factories than in offices, used to be a male-dominated area, but no more. It is the same with other functions that require getting one's hands dirty. "Things have changed in the last five years. Women now account for six to seven per cent of our onsite teams in our iron ore, cement and coal mines across India," says Rajeev Bhadauria, Director, Group HR, Jindal Steel and Power.

Many companies are also making a conscious effort to recruit more women and improve their gender diversity ratio, leading to occasional charges of reverse discrimination in sectors like fast-moving consumer goods (FMCG) and financial services. "In some cases, a position is not filled if a suitable woman candidate is not found for it," says SOIL's Sachdev. He adds that women are being preferred for functions such as internal auditor, compliance officer and legal aid officer, which require maintaining a high level of confidentiality. They are believed to be less likely to blab than men, even when they are relatively relaxed.

Many believe the wage gap may disappear in coming years. "After all, women are still only two generations in the workplace," says Rajagopal. "Over a period of time this difference will go away." ◆

LESS EQUAL

Paid Less

71% Women's average wage in the salaried work compared to that of men

56% Women's average wage in casual work compared to that of men

Source: World Development Report 2012: Gender Equality and Development

Few at the Top

4.7% Representation of women on the board of directors of India's 100 largest companies by market cap

84 No. of companies, out of the 100, which do not have any independent woman director

Source: The Korn/Ferry Institute

Gender Gap

72% of female respondents felt presence of women on company boards improved boards' performance

5% of male respondents agreed

Keep Women Out

24% Male respondents felt women were not mentally tough enough to be on boards

19% Male respondents did not see what extra benefit having women directors brought the board

Source: PHD Chamber's 'Board Diversity - A Gender Perspective'. The study quizzed 280 board members

24.3% Female component of India's workforce

Source: Gender Diversity, Benchmark for Asia

GRAPHICS BY SANTOSH

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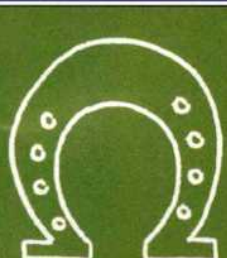

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Job ID: 12159525
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Job ID: 11809755
Description: CA with at least 7-10 years of relevant experience.

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Location: Bangalore
Job ID: 12023013
Description: Responsible for overall deliverables related to Non Inventory Accounts Payables function.

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Location: Ahmedabad
Job ID: 11868549
Description: Looking for matured Finance & Accounts generalistic professional from manufacturing industry as a CFO.

TIBCO Software India Private Limited
Accountant
Location: Pune
Job ID: 11900965
Description: Bachelor's Degree in Commerce/Accounting is required.

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Location: Mumbai
Job ID: 12137477
Description: To provide support and knowledge in handling of the teams activities.

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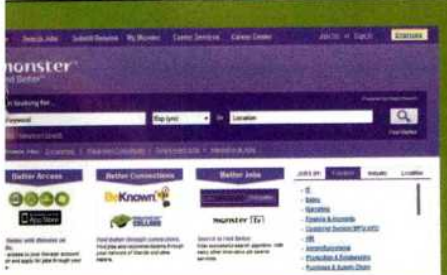

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Milkmen's Messiah

Verghese Kurien
(1921-2012)

Had Verghese Kurien been a private equity investor, he would have retired as one of the richest men in India. Operation Flood, a movement he launched in 1970 as Chairman of National Dairy Development Board (NDDB) to boost milk production in the country, cost a mere ₹1,772 crore in investment over its three phases (1970-1996). The net return has been estimated at ₹24,000 crore per annum over a period of 10 years, or ₹2.4 trillion.

The achievement of **VERGHESE KURIEN**, in purely business terms, is summed up in the above quote from a special *Business Today* issue on 60 Pioneering Professionals published five years ago (See *www.businesstoday.in/pioneers*). Decades before his demise on September 9 at age 90, he had ushered in a white revolution, making packaged milk – once a scarce commodity in the country – available at every street corner, created one of the nation's most memorable brands, Amul, and shown what cooperatives could achieve given the right leadership.

He built a network of milk cooperatives comprising 22 federations and apex milk unions in as many states, with 9.3 million dairy farmers as members. "Kurien showed the world that a business owned and controlled by farmers could be as professionally run and as efficient as a global company," says M.S. Sriram, Visiting Professor at Indian Institute of Management, Bangalore.

Kurien was well known for his refusal to compromise on important issues. "Even when there seemed to be no alternative to doing so, he never compromised," says Sriram. One such instance occurred in 1964, when the then Prime Minister Lal Bahadur Shastri visited Anand in Gujarat to inaugurate a cooperative cattle-feed plant. By then, Kurien had already built a robust network of milk cooperatives in Gujarat, with headquarters at Anand. Shastri spent a night at one of the nearby villages and was so impressed watching the milk collection process he insisted Kurien take up the task of replicating Gujarat's success across the country. Kurien agreed, but on no account was he willing to shift out of Anand to Delhi, where Shastri wanted him. Eventually it was Shastri who gave in and agreed to headquarter NDDB at Anand.

While the cooperatives he set up prospered beyond their wildest expectations, money was never Kurien's chief driving force. Ela Bhatt, founder of the Self Employed Women's Association and a Magsaysay award winner, recalls an instance. "By 1990/91, NDDB had achieved surplus production and there was a proposal that it should export the surplus. I suggested it would be better if the excess milk was distributed among *anganwadi* workers' children," she says. Compared to exporting the milk, this was hardly a financially attractive option, but Kurien agreed promptly.

E. KUMAR SHARMA

SHEKHAR GHOSH/WWW.INDIATODAYIMAGES.COM

Robert K. Shibuya
Group President, DTZ

Cementing a Merger

"Asia is the growth driver for us in the long term," says **ROBERT K. SHIBUYA**, Group President of property consultancy DTZ. "Both India and China are rapidly developing property markets and very important for us." Shibuya was in India recently to re-launch the DTZ brand. Los Angeles-based DTZ was acquired last year by the much-bigger Australian real estate conglomerate UGL for around ₹700 crore, but the combined entity has chosen to continue with the DTZ name for its realty arm. Shibuya, who worked with DTZ for four years before the acquisition, is said to have played a key role in bringing it to fruition. He is now working hard to make the merger work. Besides growing DTZ's existing businesses, such as investment advisory and project management, Shibuya expects the joint entity to enter retail, facility management and warehousing as well.

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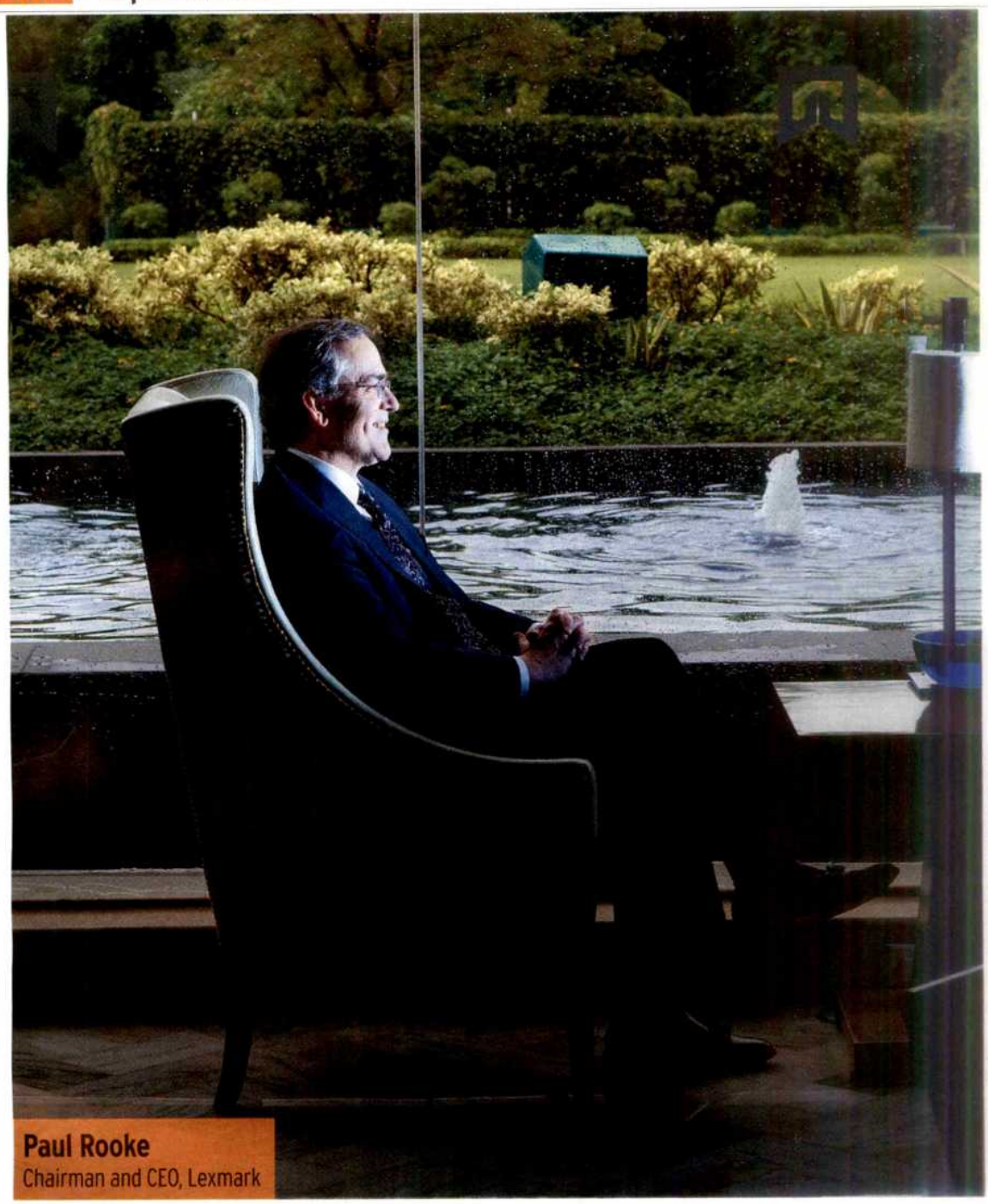

Paul Rooke
Chairman and CEO, Lexmark

ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

Out of Ink

Lexmark is out of ink. The $4 billion firm, formed when IBM spun off its printing operations as a separate company in 1991, announced in late-August it was getting out of the inkjet printer business because it was financially unsustainable, and would concentrate instead on the more profitable imaging and software solutions businesses. Clearly the competition with majors in the business like Canon, HP and Xerox proved too hot. But Chairman and CEO **PAUL ROOKE**, on his first visit to India recently, is unfazed. "We have made five software acquisitions in the last two years," he says, underlining that the company was in robust health. What are his objectives in India? "We have to focus on the sales side, on research and development at our Kolkata facility and on our software related businesses," he says.

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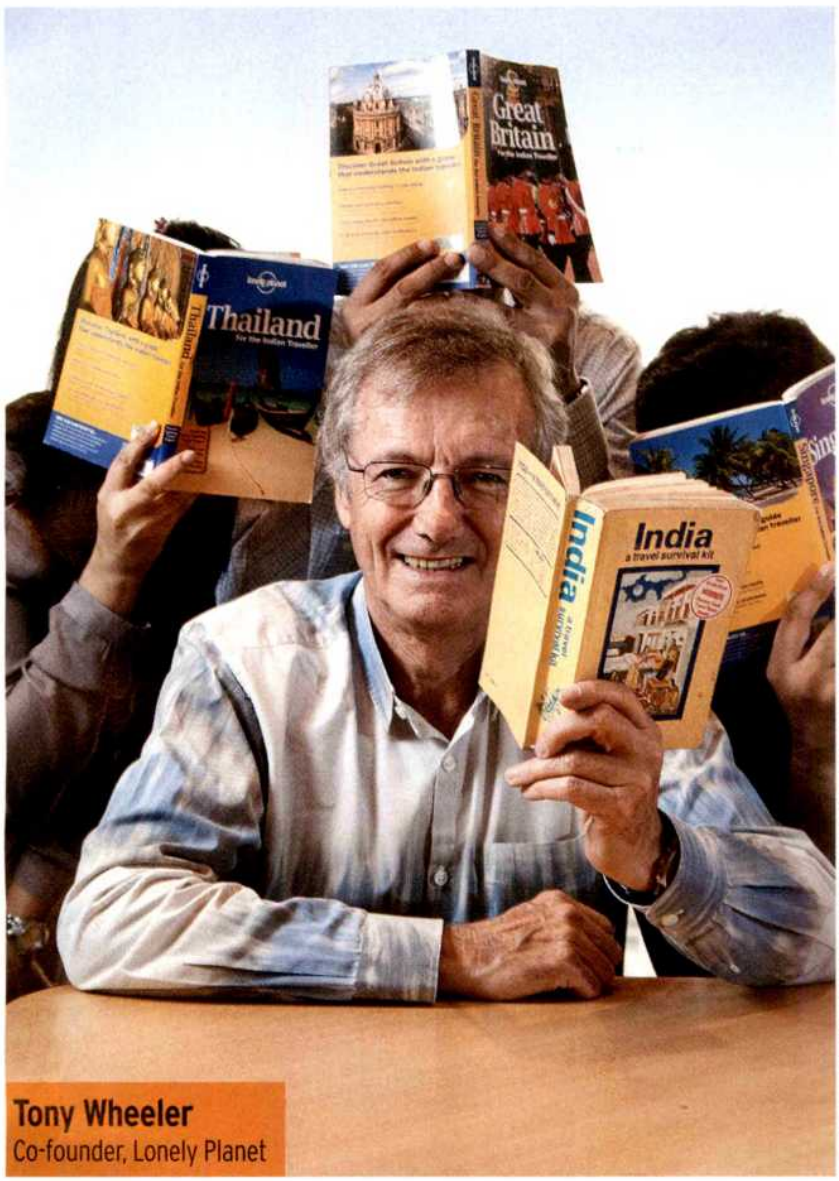

Tony Wheeler
Co-founder, Lonely Planet

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Lonely Traveller's Best Friend

For one who is a writer at heart, **TONY WHEELER**, 66, has done awfully well as a businessman. He has built a brand, Lonely Planet, whose guidebooks are Bibles for tourists across the globe. Last year, however, he sold the brand to BBC Worldwide for $207 million. "I was getting old," he says. "My first love is books and the area this business is moving into (digital) is not one I'm passionate about." On his recent India visit he also revealed that the first Lonely Planet India guide, produced in 1980, was a personal favourite. "It was a pioneering guide and sold three times more than anything we had done before."

ANUSHA SUBRAMANIAN

Venkatesh Kini
Senior VP, Coca Cola, India

Grooming Begins

VENKATESH KINI is returning to India. Formerly Vice President, Marketing, Global Juice, with Coca Cola at its Atlanta headquarters, he has been appointed Senior Vice President, Operations, Coca Cola, India. In a role that is being created for him, Kini will occupy the second highest slot, taking charge of three core pillars – franchise leadership, consumer marketing and customer and commercial leadership . Is he being groomed as President Atul Singh's successor? Lips are sealed. Kini has the reputation of being a marketing wizard, who, for instance, recognised the potential of Coca Cola's lemon flavoured drink Sprite, and pushed for its promotion beyond South India to which it was earlier confined. Currently Sprite is Coca Cola's second most popular drink in India, after Thums Up.

SHAMNI PANDE

RAJESH GANDHI

MD, Vadilal Industries Ltd

My leadership style

- ☐ Delegative
- ☐ Participative
- ☐ Authoritative
- ☑ All of the above

The political leader I admire the most
Sardar Patel

The business leader I admire the most
Steve Jobs

The leadership lesson I remember best
The best leaders lead by example

A movie I would recommend on leadership
Chak De! India

The difference between a manager and a leader
A manager has subordinates whereas a leader has followers

All good managers are good leaders
No

As told to N. Madhavan

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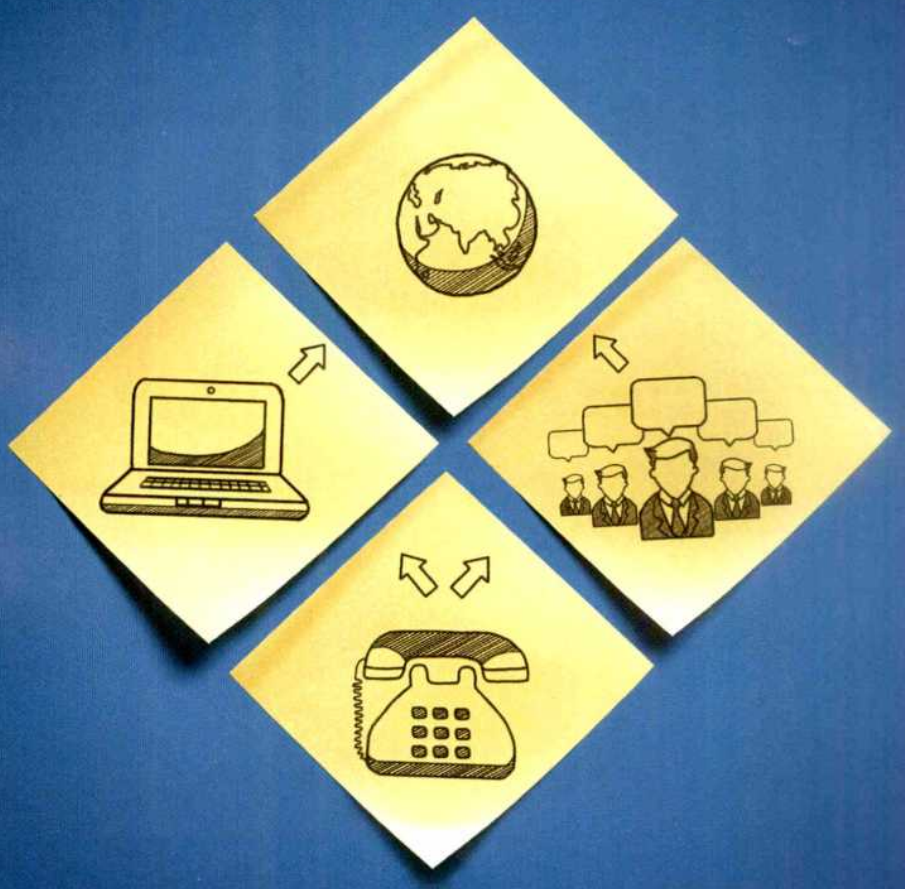

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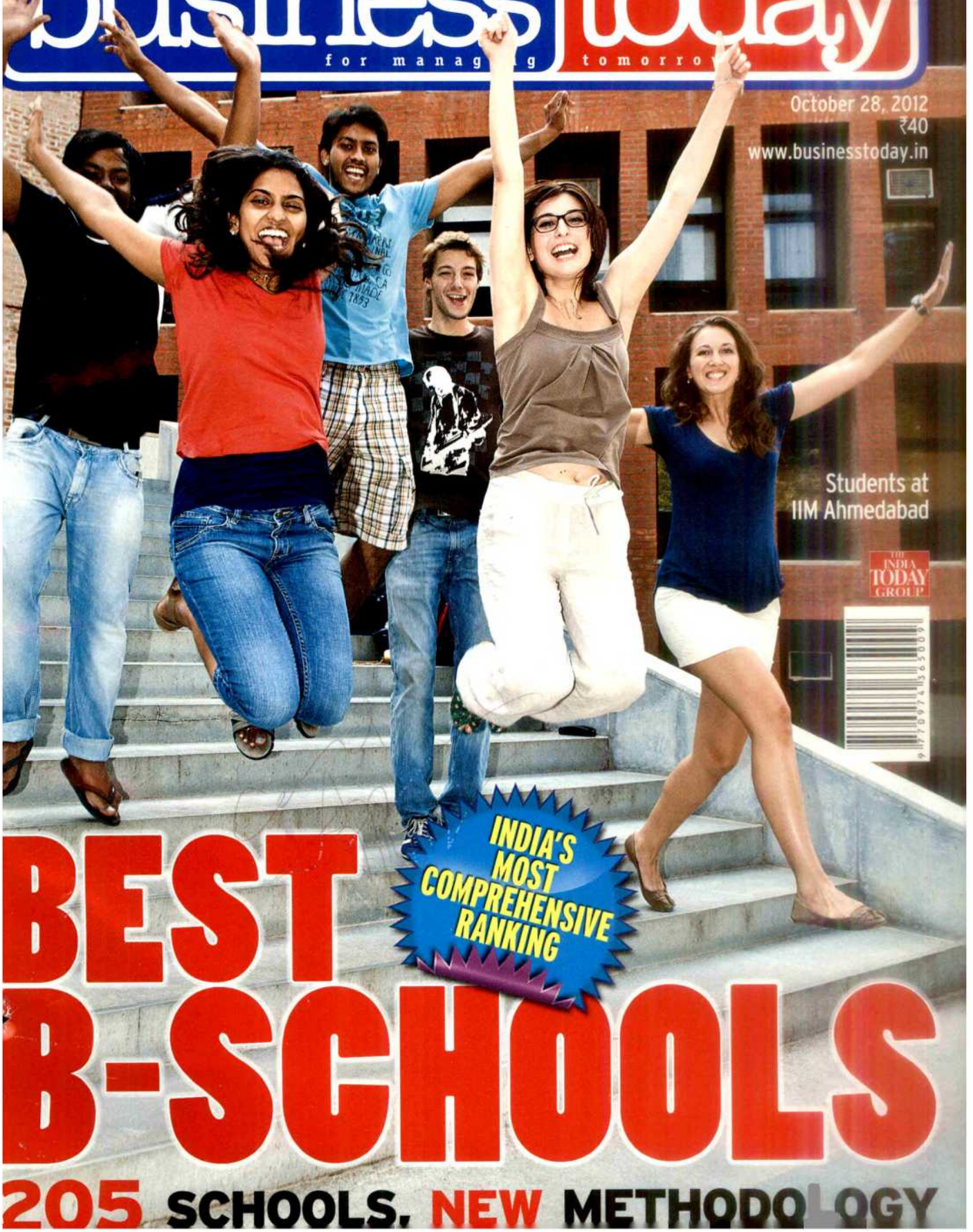

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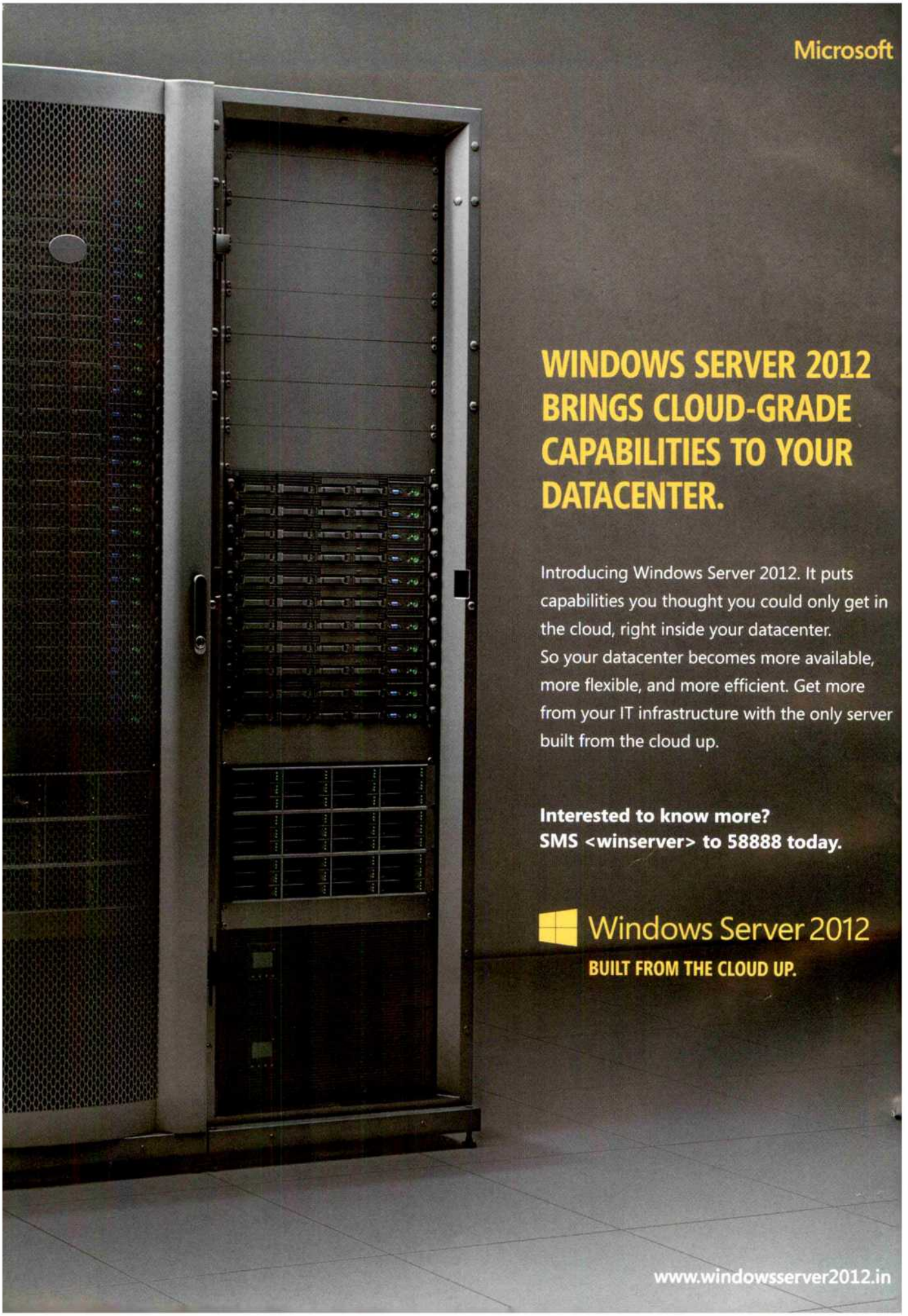
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From the Editor

The word "flurry" is used to describe a sudden blast or gust, or a sudden commotion, and it has been used frequently to label the announcements from the government's blunderbuss over the past three weeks. My dictionary also tells me flurry is the "death-agony of the whale", but we don't want that, do we? The steps announced by the finance minister on October 4 were just that – steps that are not yet reforms. The question that nobody wants to answer is, why did the Manmohan Singh government not take these steps a long time ago, instead of after three and a half years of comatose twitching? Another uncomfortable question – how many of these steps will really become "reforms", that is, be etched in stone and placed firmly on our statute books? "Flurry" is also used to describe snowfall, and snow that looks pretty and pristine can quickly turn into ugly slush. Right now, however, it is time to feel good, to savour the Sensex sailing past 19000 and the rupee climbing towards 52 to the dollar, and to dream of the untold trillions locked up in the pension, insurance and commodity markets. As always, we sprinted off the blocks even if it was just before we went to press, and you will find our analysis starting on Page 18 very useful.

Since we launched it early in 2011, the *Business Today* **Business Confidence Index** has become a closely-watched gauge of economic well-being. The seventh *BT* BCI shows a clear swing towards optimism, and this is of a piece with the general thumbs up from the markets. That report card starts on Page 24.

This bumper issue of the magazine is dominated by our 13th Business-school Survey. It is the 10th conducted in partnership with Nielsen, the global market-research company, and it is our most comprehensive ever. Almost immediately after our 2011 survey was published, we launched a top-to-bottom review of our methodology, which for years had been perceptual. Egged on by us, Nielsen threw out a wide dragnet, seeking both factual data, such as fees charged, placement data, and expected salaries, as well as perceptions. Interestingly, the size of the survey leapt from 50 schools last year to 205 this year – and these are nearly all of India's best and better B-schools. The results were noteworthy: several perceptual stars dimmed somewhat while many new points of light shone through. Our marquee survey was led by Deputy Editor Alokesh Bhattacharyya and Senior Editor Shamni Pande. Start with the detailed rundown on our new ranking method (Page 48), then go on to the rankings (Pages 126-141) and move on to an astonishing package of stories surrounding the rankings, like the fun photo-feature (Page 122) on famous IIM-A alumni's footloose days, or inspiring tales like Mann Deshi Udyogini, as well as a hard-nosed look at the dismal state of management research. This issue is a must-buy for management students and teachers as well as managers and recruiters.

Don't miss the rare and very candid interview with a man in a hot seat – U.K. Sinha, Chairman of the Securities and Exchange Board of India, on page 42.

To end on a celebratory note: Over the past 15 months, *Business Today*'s readership jumped by more than 30 per cent to 408,000. We lead the six-magazine business pack; our nearest rival trails us by a mile. *Business Today* readers comprise a third of all business-magazine readers. We are the only business magazine in the Top Ten English Magazines list of the Indian Readership Survey, and jumped to No.8 spot in the second quarter of 2012 from No.9. All this means that you, dear reader, enjoy reading our magazine and find it informative, illuminating and irreplaceable. Not for a moment do we take for granted your faith in our world-class journalism, photography and design. We look for ways to reinvent ourselves, deepen our subject expertise, raise our quality bar, and delight you.

Chaitanya Kalbag

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Vol. 21, No. 22, for the fortnight October 15-28, 2012.
Released on October 15, 2012.

● Editorial Office: India Today Mediaplex, FC-8, Sector 16/A, Film City, Noida-201301; Tel.: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): AF-A2, Enkay Centre, Ground Floor, Y.N. Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel.: 0124-4948400; Fax: 0124-4030919, Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel.: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel.: 044-28478525; Fax: 044-24361942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel.: 080-22212448, 080-30374106; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel.: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel.: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel.: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakkatt Road, Kochi-682016; Tel.: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301; Tel.: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no.1800 1800 100 (from BSNL/MTNL lines); Fax: 0120-4078080; E-mail: wecarebq@intoday.com

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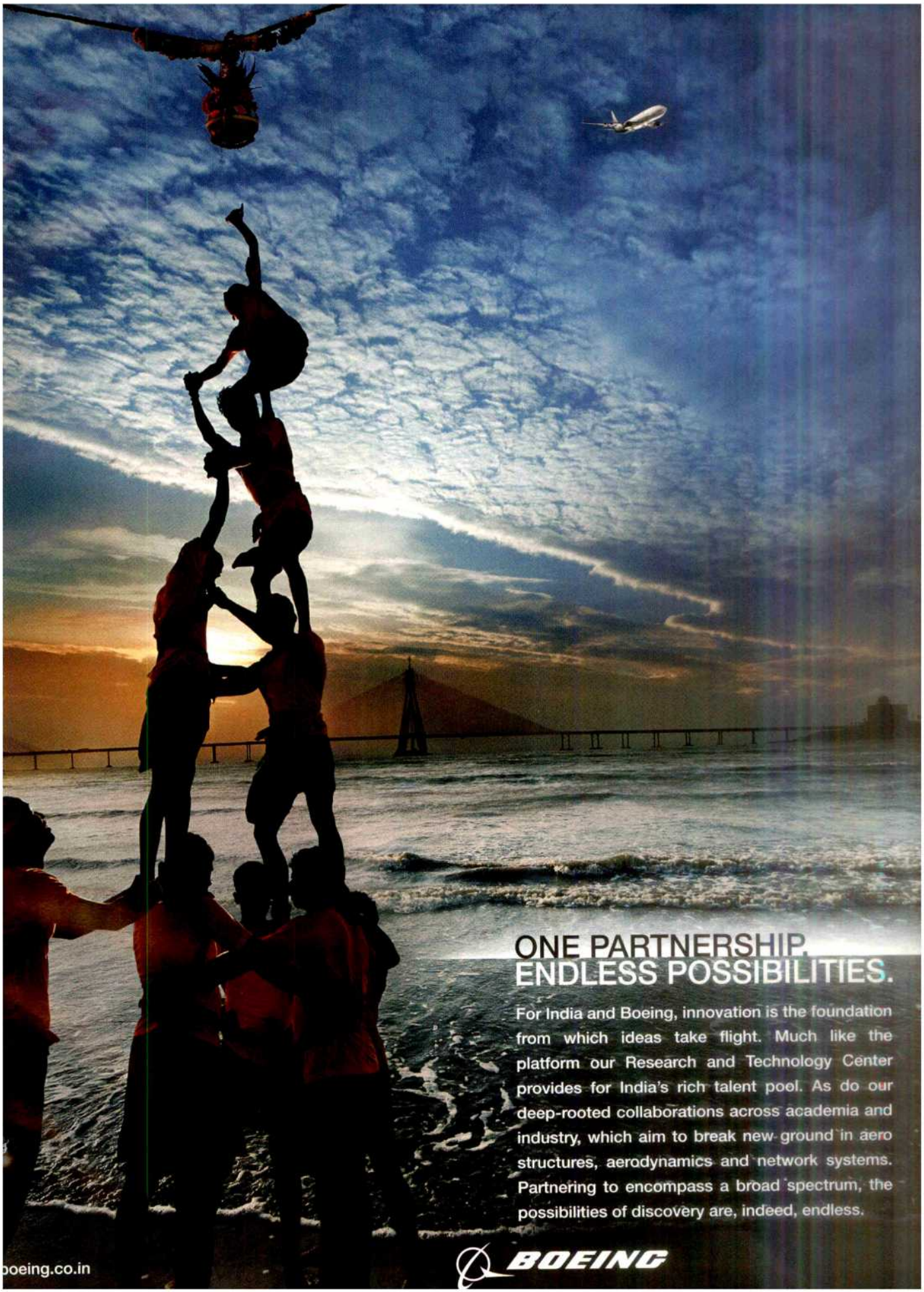
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for Students going to Class VI, VII & VIII in 2013

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Class VII

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UDAYA Plus - Two Year Integrated School Program
Program focuses on enhancing Logical Thinking, IQ, Mental Ability & Mathematics at a level required for NTSE for Class X while preparing students for NSEJS within the School Schedule

Class VIII

UDAYA - One Year Classroom Program
Program focuses on enhancing Logical Thinking, IQ, Mental Ability & Mathematics at a level required for NTSE for Class X while preparing students for NSEJS.

FIITJEE Mains
for Students going to Class IX, X, XI & XII in 2013

Class IX

SUPREME - Four Year Integrated School Program for IIT-JEE, 2017
Simultaneous preparation for X & XII Boards, NTSE, Olympiads and KVPY within the School Schedule

Four Year Classroom Program for IIT-JEE, 2017
This Program also helps the Student to excel in X & XII Boards, NTSE, Olympiads and KVPY

Class X

Three Year Classroom Program for IIT-JEE, 2016
This Program also helps the Student to excel in X & XII Boards, NTSE, Olympiads and KVPY

Class XI

PINNACLE - Two Year Integrated School Program for IIT-JEE, 2015
IIT-JEE + XII Boards + Olympiads + KVPY + Other Engineering Entrance Exams within the School Schedule

Two Year Classroom Program for IIT-JEE, 2015
This Program also helps the Student to excel in XII Boards, Other Engineering Entrance Exams, Olympiads and KVPY

Class XII

One Year Classroom Program for IIT-JEE, 2014
This Program also helps the Student to excel in XII Boards, Other Engineering Entrance Exams, Olympiads and KVPY

See further for **FIITJEE's USA UnivQuest Programs** (for Admission in US Universities) and for Admission in **FIITJEE World Schools, Hyderabad**

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FIITJEE Rankers in Top 50 of IIT-JEE, 2012
from Long Term Classroom / Integrated School Programs

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AIR - 1

ARPIT AGRAWAL
Two Year Classroom Program and
ASCENT-One Year Classroom Program
Student of FIITJEE Delhi (South) Centre

AIR - 2

BIJOY SINGH KOCHAR
PINNACLE - Two Year Integrated School Program
and ASCENT-Two Year Classroom Program
Student of FIITJEE Chandigarh Centre

AIR - 3

NISHANTH N KOUSHIK
PINNACLE - Two Year
Integrated School Program
Student of FIITJEE Bhilai Centre

*To Read Success Stories of **All India Rank - 1, 2 & 3** in IIT-JEE, 2012 please see page no. 27, 41 & 57*

AIR - 15

SHUBHAM CHANDAK
Two Year Classroom Program
Student of FIITJEE Bhopal Centre

AIR - 18

KUNAL SINGHAL
Two Year Classroom Program
Student of FIITJEE Delhi (Punjabi Bagh) Centre

AIR - 20

J. V. S. SHYAM
PINNACLE - Two Year Integrated School Program
Student of FIITJEE Hyderabad (Dilsukhnagar) Centre

AIR - 24

SHREY GOYAL
Two Year Classroom Program
Student of FIITJEE Jaipur Centre

AIR - 33

PRATYAKSH SHARMA
Two Year Classroom Program
Student of FIITJEE Delhi (Punjabi Bagh) Centre

AIR - 34

KARAN GANJU
Two Year Classroom Program
Student of FIITJEE Delhi (South) Centre

AIR - 36

R. VAISHAKH
PINNACLE - Two Year
Integrated School Program
Student of FIITJEE Chennai (Kilpauk) Centre

AIR - 37

AASHISH GOYAL
Two Year Classroom Program and
ASCENT-Two Year Classroom Program
Student of FIITJEE Delhi (South) Centre

AIR - 42

RAHUL TRIVEDI
PINNACLE - Two Year
Integrated School Program
Student of FIITJEE Lucknow Centre

We Thank the entire Nation for appreciating our Sincerity, Dedication & Hardwork which Empowered our Students from Long Term Classroom / School Programs to capture **All India Rank - 1, 2 & 3** in **IIT-JEE, 2012**

From Long Term Classroom Programs and Medium / Short Classroom Program

4 in Top **10**, **10** in Top **20**, **43** in Top **100**, **75** in Top **200**, **159** in Top **500**,
Total **3542** FIITJEE Students have been awarded the Rank in IIT-JEE, 2012

*To read about Success Stories and learning from our Toppers please visit **www.iitjee2012toppers.com***

All our results are from General Category only.

Continued on page no. 8 & 9

AIEEE

5 in Top 10 All India Ranks were secured by FIITJEE Students in **AIEEE, 2012**. In all, **45 selections in Top 100** from all FIITJEE programs in **AIEEE, 2012**. **10** Students also **Topped (Rank - 1)** in their respective states.

Kishore Vaigyanik Protsahan Yojana (KVPY)

365 FIITJEE Classroom Program Students (110 in class XI & 255 in class XII) have been awarded **KVPY Fellowship, 2011**. Bijoy Singh Kochar, student of FIITJEE Chandigarh Centre has Topped in Stream SX (Class XII) of KVPY. Read our success stories in KVPY at **www.fiitjee.com/kvpy.htm**

National Talent Search Exam (NTSE)

In all, **256** FIITJEE Classroom Program Students from all centres have been awarded **NTSE, 2012** Scholarships in General Category. Read our success stories in NTSE at **www.fiitjee.com/ntse.htm**

Olympiads

International Physics Olympiad - 2012 : Rahul Trivedi, student of FIITJEE's PINNACLE - Two Year Integrated School Program at FIITJEE Lucknow Centre bagged Gold Medal ; Bijoy Singh Kochar, student of FIITJEE's PINNACLE - Two Year Integrated School Program at FIITJEE Chandigarh Centre & Kunal Singhal, student of FIITJEE's Two Year Classroom Program at FIITJEE Delhi (Punjabi Bagh) Centre bagged Silver Medals in **IPhO held at Estonia**.

International Chemistry Olympiad - 2012 : Diptarka Hait, student of FIITJEE's Four Year Classroom Program at FIITJEE Kolkata Centre & Shubham Chandak, student of FIITJEE's Two Year Classroom Program at FIITJEE Bhopal Centre bagged Gold Medals in **IChO held at Washington D.C.**

International Mathematical Olympiad - 2012 : Prafulla Susil Dhariwal, student of FIITJEE's Two Year Rankers Study Material Program bagged Gold Medal in **IMO held at Argentina**.

Asian Physics Olympiad - 2012 : Rahul Trivedi, student of FIITJEE's PINNACLE - Two Year Integrated School Program at FIITJEE Lucknow Centre bagged Gold Medal and Kunal Singhal, student of FIITJEE's Two Year Classroom Program at FIITJEE Delhi (Punjabi Bagh) Centre & Bijoy Singh Kochar student of FIITJEE's PINNACLE - Two Year Integrated School Program at FIITJEE Chandigarh Centre bagged Silver Medals in **APhO, 2012 held at Delhi**.

International Olympiad in Informatics - 2012 : Kunal Singhal, student of FIITJEE's Two Year Classroom Program at FIITJEE Delhi (Punjabi Bagh) Centre has been selected to represent India in **IOI to be held in Italy**. Read our success stories in Olympiads at **www.fiitjee.com/olympiads.htm**

SAT - I, SAT - II & Advanced Placement (AP)

Most recently, **SHREYA VARDHAN,** student of FIITJEE's Two Year Classroom Program at FIITJEE Delhi (South) Centre has **made a WORLD RECORD by achieving perfect scores** in all the Tests **(SAT, AP, TOEFL)** related to admission in US Universities. Her scores are as follows:

SAT Reasoning Test (SAT-I) - (2400/2400) held on 28th January 2012.

Subject SATs (SAT-II) - Chemistry (800/800), Physics (800/800), Mathematics Level-2 (800/800) held on 5th May 2012.

Advanced Placement Exam (AP) - Chemistry (5/5) held on 7th May 2012, Calculus AB (5/5) held on 9th May 2012, Physics C (Mechanics) (5/5) held on 14th May 2012.

TOEFL - (120/120) held on 9th June 2012.

41 students from our IIT-JEE batches have scored perfect scores in **SAT-II (Subject SATs)** in the recent past. Advanced Placement Exam (AP) for admission to US Universities is a similar story, **15** students have scored perfect scores in **Advanced Placement Exam (AP)**. Besides, a large number of FIITJEE students got scores of 2300 + out of 2400. Many of our students have also got **800/800** marks in several subjects in **SAT-II (Subject SATs)** Tests for Admission to US Universities. Read our success stories in SAT-II & AP Exam at **www.fiitjee.com/usaunivquest/achievers.htm**

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USA UnivQuest Programs for Students going to Class IX, X, XI & XII in 2013

Class IX	USA UnivQuest - Four Year Classroom Program USA UnivQuest - Four Year Integrated School Program	Class XI	USA UnivQuest - Two Year Classroom Program USA UnivQuest - Two Year Integrated School Program
Class X	USA UnivQuest - Three Year Classroom Program	Class XII	USA UnivQuest - One Year Classroom Program

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Re: Letters To The Editor

Subsidies Still Needed

The cover story on reforms (*Half Measures*, October 14) was informative. It analysed how the UPA government, led by the Congress, has failed to check rising inflation and angered the nation with its economic decisions on foreign direct investment and increase in diesel and LPG prices. For economic growth, subsidies have to go, but this does hurt the financially-weaker sections. Some financial support for them is both essential and inevitable. The government must continue some subsidies till the financial condition of the poor improves. The deficit on revenue account should be reduced by cutting government expenditure, including the subsidies enjoyed by members of Parliament, not those that help poor people.

Mahesh Kumar, *Delhi*

No More a Man's World

More women are doing business successfully in India (*The Most Powerful Women in Indian Business*, October 14) than ever before. This is even true of politics. It shows that voters judge women leaders by their calibre and nothing else. With women as heads of several states – Sheila Dixit in Delhi, Jayalalithaa in Tamil Nadu, and Mamata Banerjee in West Bengal – men are now at the mercy of women in politics. Who says women are the weaker sex?

M. Kumar, *Delhi*

Coal Future

The column discussing the coal scam (*'Coalgate' Response Shames Us All*, October 14) provides great clarity of thought on the whole gamut of issues involved in the allocation of coal blocks and the subsequent uproar in Parliament following the critical report by the Comptroller and Auditor General. Samir Barua's astute analysis has brought out all the dimensions and has proposed practical measures to make the allotment process corruption free, so that the nation can benefit. His suggestions relating to the economic valuation of allotted coal blocks and long-term power purchase agreements were impressive. The government must come forth with a fair decision on the coal scam. Or else, voters will definitely haul them over 'Coalgate' in coming elections.

B.Rajasekaran, *Bangalore*

Legend in His Lifetime

No amount of praise can be too high for Verghese Kurien, who made India, once a milk-deficient nation, the largest milk producer in the world. (*Milkmen's Messiah*, October 14). He has left behind a rich legacy to inspire us. He was a man of vision. The names 'Kurien' and the small town in Gujarat called 'Anand' are truly inseparable. You have rightly noted that he would have ended up as one of the richest men in India, had he thought of profiting from the milk revolution he launched. But that was not his wish. He lived life with a genuine purpose and accomplished it.

Srinivasan Umashankar, *Nagpur*

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Will Prime Minister Manmohan Singh attempt to revive the economy work?: There is no question of will it or will it not. For the UPA government, it is their last hope, if they want to win the general elections in 2014.

***OMG (Oh My God)* nets ₹16.5 crore over the weekends:** It shows that people nowadays like the movies with some good story content.

Akshat Kapoor

iPhone 5 is the thinnest and lightest, featuring a four-inch Retina display: No, iphone 5, 7.6mm thick, is not the thinnest phone. Motorola's RAZR XT910 (7.1mm thick) is thinner than iPhone 5.

Ashray Agrawal

Correction

The story *Mounting Ambition* (Sept. 30) says the IPO price of Take Solutions was ₹720. This should have been adjusted to ₹72 on account of a stock split for an accurate comparison with the current market price. We regret the error.

Send all your comments to editor.bt@intoday.com

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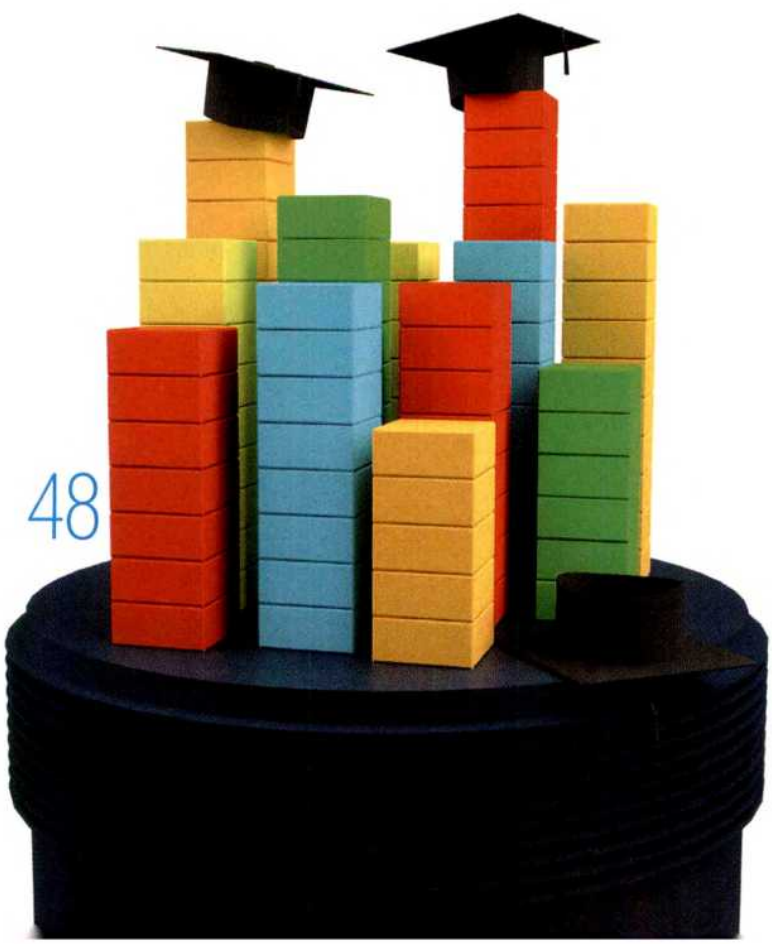
COVER STORY

A NEW BENCHMARK

The *Business Today*-Nielsen Best B-schools survey gets sharper and much more comprehensive this year. We present a turbo-charged ranking of more than 200 of the country's top business education institutes



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Quarterly Business Confidence Survey

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BLOGS

Word Mentality
BT's **Uma Asher** simply cannot put up with the way Indians use the expression "put up".
businesstoday.in/uma

Left to Our Own Devices
On our newest blog, the *Gadgets & Gizmos* team tries for the innovative ways to tackle the problem of movie piracy.
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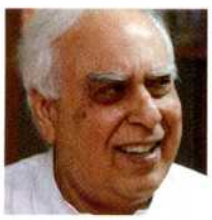

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ADITYA KAPOOR

Tata's Taj: The iconic Mansingh Road hotel property in New Delhi will remain with the Taj Group of Hotels for another year or till the time an auction takes place, after the New Delhi Municipal Corporation extended the land lease. Indian Hotels, which owns the Taj hospitality chain, will be given the first right of refusal. The hotel is on land leased to the company for 33 years. The lease ended last October.

Corporate

Vijay Mallya-controlled Kingfisher Airlines hit another air pocket when engineers and pilots protested non-payment of salaries forcing it to declare a temporary lockout from October 1. Wife of an airlines employee committed suicide over financial stress. The airline has 4,000 employees, and is saddled with **losses of ₹8,000 crore and a debt of over ₹7,000 crore**. Kingfisher, encouraged by recent moves to open up foreign direct investment in aviation, is in talks with foreign carriers for a stake sale.

CARICATURES BY SANTOSH

Immigrants have founded a quarter of US technology start-up companies, according to a new study. This could fuel calls to relax immigration rules ahead of next month's US presidential elections. The study shows that 24.3 per cent of engineering and technology start-up companies have at least one immigrant founder serving in a key role. India-born entrepreneurs, representing 33 per cent of the companies, dominated the group.

Microsoft has suggested a whopping fee of $10,000 for a new category of H-1B visas and $15,000 for permanent residency or Green Card. The move will hit Indian IT companies the most.

Auto makers, after reporting low sales in September, are hoping that customers will rush to showrooms in greater numbers in the coming festival season. Seven of the country's leading manufacturers together sold 192,424 units, recording growth of a mere 0.6 per cent. **Maruti Suzuki** and **Mahindra & Mahindra** bucked the trend. **Hyundai, Tata Motors, General Motors, Ford** and **Toyota** were in low gear, reporting a 14 per cent fall in sales. Last month, these five companies had seen sales rise 12.4 per cent to 79,913 units.

The **Delhi High Court** has granted a stay on a government order that seeks to stop mobile operators offering **3G services** outside their licensed zones through roaming agreements. **Bharti Airtel**, the country's largest mobile operator by revenues and customers, had challenged the order.

Coca-Cola has emerged as the top brand for the 13th consecutive year in Interbrand's Best Global Brands report. The coke brand's value is estimated at $77.8 billion, up eight per cent from 2011. Apple rose to No. 2 from No. 8 while Samsung climbed to No. 9 from No. 17. Two brands dropped out of the top 10: Disney fell to No. 13 from No. 9 last year and Hewlett-Packard fell to No. 15 from No. 10.

The Samsung-Apple patent war has taken a new turn, with the Korean company claiming Apple's iPhone 5 smartphone infringes eight of its technologies, including a way to synchronise photos, music and video files across several devices. Samsung also won a court order lifting a ban on US sales of the Galaxy Tab 10.1 tablet computer.

Economy

Indian Railways, free of West Bengal Chief Minister **Mamata Banerjee**'s leash, has levied a service tax on AC train travel and on freight. AC first class, executive class, AC II-tier, AC III-tier and AC chair car fares went up by around three per cent from October 1.

Eight core industries grew at a slower pace of 2.1 per cent in August, less than the 3.8 per cent growth in the same month last year. The decline was due to negative growth in the crude oil, natural gas, fertiliser and cement sectors. During the April-August period this financial year, growth slowed to 2.8 per cent from 5.5 per cent in the year ago period.

India's manufacturing growth in September held steady compared to August, thanks to a **pick-up in export orders and output**, according to a business survey. But an increase in inventory could hurt growth in the future.

The **global economy needs to create 600 million new jobs** to absorb the increasing working age population, particularly in Asia and Sub-Saharan Africa, according to the World Bank.

$64 trillion

Projected spend on goods and services by consumers in China and India in the decade leading up to 2020, according to a study by Boston Consulting Group. The study is based on a survey of 24,000 consumers as well as interviews with business leaders.

1 billion

Monthly active users of Facebook. Analysts are divided on whether the world's largest social networking site can leverage its massive user base for advertising and other revenues and still remain loyal to founder Zuckerberg's goal of making it a service to connect the world.

Markets

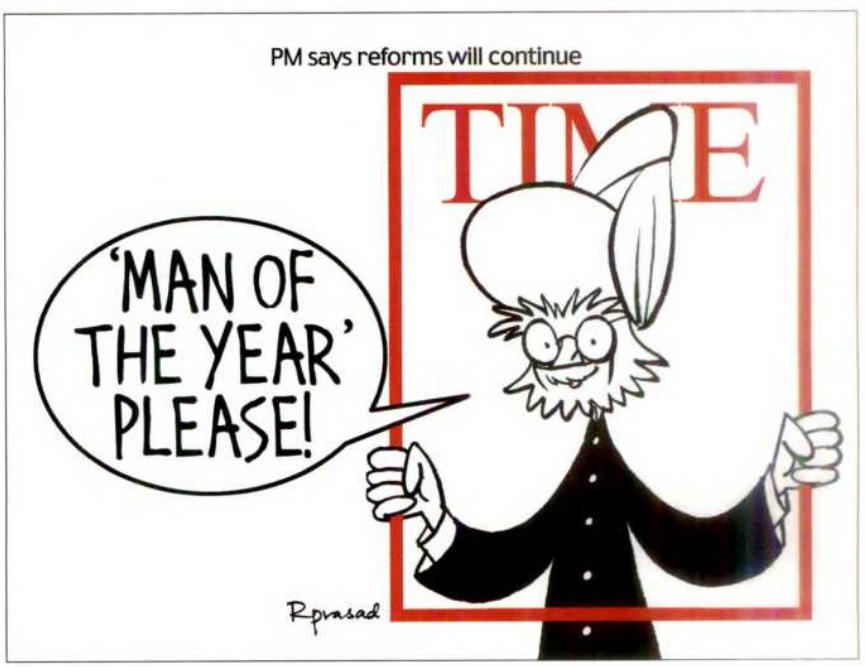
Encouraged by the government's reform measures, **overseas investors pumped in more than ₹19,000 crore** ($3.5 billion) in the Indian stock market in September, leading to the highest monthly inflow in seven months. FII investment in the equity market is at₹82,331 crore ($15.85 billion) so far this year.

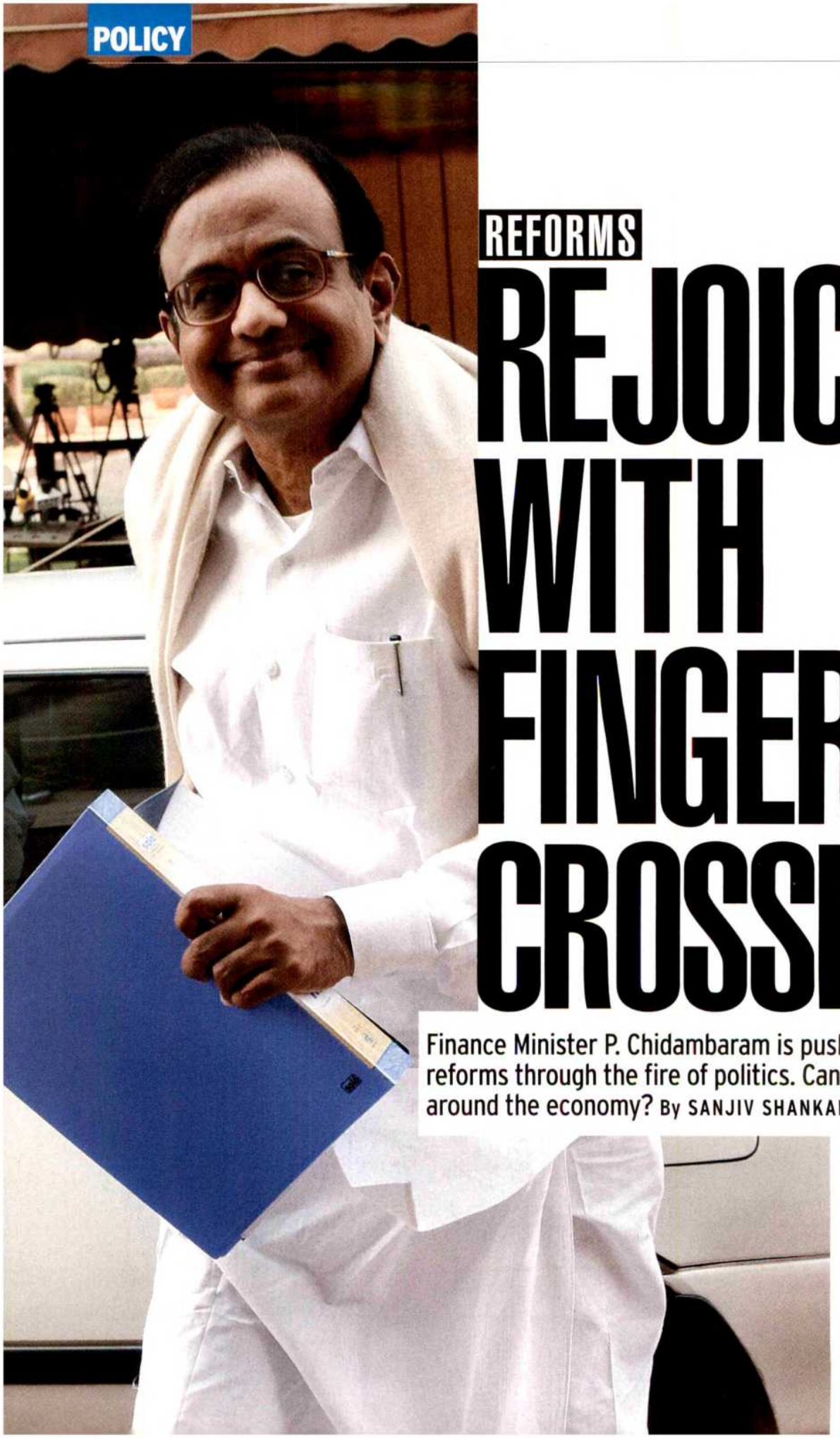
A government-appointed panel, headed by former justice B.N. Srikrishna, has proposed having **a super-regulator for the financial sector**, which would subsume the functions of SEBI, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority and Forward Markets Commission.

Coming Up

- Potential bidders for 2G telecom spectrum have until October 19 to submit applications. The department of telecommunications will publish ownership details of bidders on October 21. By October 28, DoT expects to have a list of pre-qualified bidders and a mock auction is expected to start on November 7. The actual auction is expected to start on November 12.

- Mumbaikars can get the first taste of locally brewed Starbucks coffee by the end of October. Global coffee house giant Starbucks and joint venture partner Tata Global Beverages will open their first store at a Tata-owned property in South Mumbai.





REFORMS

REJOICE WITH FINGERS CROSSED

Finance Minister P. Chidambaram is pushing reforms through the fire of politics. Can he turn around the economy? By SANJIV SHANKARAN

There is something about Palaniappan Chidambaram's economics that the stock market loves, often disregarding the politics around him. One of the deepest shades of purple the markets ever acquired was in 1997, in the first flush of the "dream budget" Chidambaram presented that year as the finance minister of a shaky United Front government. In 2004, the market shed the Left Front blues once Chidambaram was ensconced in the Finance Ministry as the first United Progressive Alliance (UPA) government gingerly began its tenure. Eight years on, the story is not much different.

On October 5, the Sensex ended at 18,938.46, just short of its highest level in 15 months and up 9.7 per cent from August 1, despite the UPA government hanging on to power by the thinnest of threads. In the same period, the rupee, much battered this year, has gained about seven per cent to close at 51.85 against the US dollar. And what happened on August 1? Chidambaram came back to North Block, the seat of the Finance Ministry.

"He's a man in a hurry," said HSBC Bank Country Head Naina Lal Kidwai of Chidambaram, after a brainstorming session on October 3 that corporate executives had with him on the state of the economy.

Kidwai's view is echoed even by industry executives who have not yet discussed the economy with Chidambaram. "Industry's mood seems to be positive now," says Raju Kaul, Group Chief Financial Officer of engineering and construction company Punj Lloyd.

Once you turn this page, you will see several comments that certify that the mood has indeed perked up as the

BAGGING EASY WICKETS

Small steps are fine but big reforms will be tough to pull off

WITHIN REACH

MEASURES	IMPACT	STATUS
Standardise basic life insurance products, allow group insurance for Self Help Groups	Will increase insurance penetration and boost savings rate	Insurance regulator examining proposal
Tweak rules to allow life insurers to invest more in infrastructure sectors	Will increase financing options for infrastructure projects	Insurance regulator looking at it
Tax breaks on life insurance products	Will make them attractive for people to buy	Tax authorities to take a call by October 10

Challenging Reforms

MEASURES	IMPACT	STATUS
Comprehensively review Direct Taxes Code*	Immediate rollout can lead to revenue loss	Chidambaram agrees
Monetise surplus land with government*	Will cut debt and create room for interest rate cuts	Government working on it
Cut standard indirect tax rate to 8 per cent from 12 per cent	Will facilitate Goods and Services Tax	Government yet to decide

Game Changers

MEASURES	IMPACT	STATUS
Phase out diesel subsidy in two years	Will help shrink fiscal deficit, ease stress on finances	Government rejects doing away with subsidies
Pass on increase in input costs of energy and electricity to consumers	Will attract more investments in power and energy	Centre, states yet to decide
Enact laws on pension, insurance, and Goods and Services Tax	Will increase long-term financing options for infrastructure	Parliament to approve legislation

*Recommendations made by Vijay Kelkar committee on fiscal consolidation

"Reform measures per se hold little value until and unless they are implemented on the ground with the same level of enthusiasm"
E. Sudhir Reddy, Chairman and Managing Director, IVRCL

"POSITIVE, BUT STILL TOO LITTLE"
C.P. Gurnani, CEO of Satyam Computer and MD of Tech Mahindra

"The intent is very, very clear. I have not seen so much action since 1991. Things will work now, and even if they don't, at least they tried"
Kishore Biyani, Founder and Group CEO, Future Group

RACHIT GOSWAMI

man in a hurry, backed firmly by the unhurried visage of Prime Minister Manmohan Singh, has announced a slew of measures to revive the economy. The inflation-sensitive diesel prices have been raised -- their first rise in nearly 15 months -- and the country has opened its doors wider to foreign investment in several sectors. These moves aim at curbing the subsidy bill, narrowing the fiscal deficit, and attracting capital.

The overdrive did not run out of steam there. On October 4, just a day before this magazine was put to bed, the government tossed the ball onto Parliament's floor several key legislative measures that promise the real reform many had been clamouring for after the diesel and FDI changes. There is a bill to raise the FDI cap in insurance to 49 per cent and another to allow FDI, with the same limit as insurance, for the first time in pension funds. The Cabinet also cleared the Companies Bill that would transform the running of joint-stock companies.

"It (the Companies Bill) is designed for the 21st century," Chidambaram said on the evening of October 4. These bills are likely to be placed in Parliament for a vote in the forthcoming winter session.

But have the 10 weeks since Chidambaram's return to the North Block undone the damage done to the economy over the previous three years, when "policy paralysis" became a hackneyed phrase?

An economy that was growing at 8.4 per cent when the UPA started a second consecutive term in May 2009 slowed down to 6.5 per cent in 2011-12, its slowest pace in nine years. And the Asian Development Bank on October 3 lowered its growth forecast for India to 5.6 per cent for 2012/13 from 7 per cent.

So a bit of scepticism will not be out of place. The government itself has made the first attempt to temper expectations.

Raghuram G. Rajan, the former International Monetary Fund chief economist who took over as Chidambaram's Chief Economic Advisor in August, sees a long grind ahead. In engagements with the media in the last week of September, he said there were no quick fixes and it might be a few years before the Indian economy settled in a growth path of 8.5 to 9 per cent.

The enthusiasm over the recent measures can be explained by the dry spell earlier. "For the last six to seven quarters, there have hardly been any policy changes," says Punj

"I look at the reforms as a confidence booster for the (insurance) sector"

Sandeep Bakshi,
CEO, ICICI Prudential Life Insurance Company Ltd

"These measures are extremely positive. For sometime now, the insurance sector has been seeking additional investments and an increase in the FDI cap"

Malvinder Mohan Singh,
Executive Chairman,
Fortis Healthcare

VIVAN MEHRA

The measures are in the right direction but they still need parliamentary approval. The twin deficits, fiscal and current account, are major challenges facing India. Permitting FDI in various sectors would help reduce both

Samir K. Barua, Director, Indian Institute of Management, Ahmedabad

Lloyd's Kaul while explaining the change in sentiment.

But how much can sentiment alone do?

HSBC's Kidwai says these laws are necessary to create long-term financing options for industry. "Without the ability to have long-term finance, we cannot move forward."

Deepak Parekh, Chairman, Housing Development Finance Corporation, knows a thing or two about the challenges Kidwai mentions. As the government's point man on infrastructure financing with the rank of minister of state, Parekh has some suggestions for the government. In an interim report to Prime Minister Manmohan Singh on October 3, Parekh says the infrastructure sector needs ₹51.5 trillion (one trillion is one lakh crore) over the next five years, more than double the ₹19.5 trillion invested over the preceding five. Of this, the private sector needs to bring in ₹24 trillion.

But banks, the traditional source of funds, are not going to be of much help as they cope with the fallout of bad calls made earlier. Finance Ministry data show that outstanding loans on banks' corporate debt restructuring files amounted to ₹65,335 crore as of March 31, 2012, up nearly three-fold in a year. For succour, Parekh's committee has suggested that consumers of energy pay for the increase in prices of inputs such as coal as a way of bringing in more private investment into these sectors.

It is not as if the government does not understand the importance of such measures. But it finds itself bound by politics.

A press conference addressed by Arvind Mayaram, Secretary to the Department of Economic Affairs, on September 28 provides a clue to the constraints. The press conference was to inform about a report submitted by a committee appointed by Chidambaram and headed by Vijay Kelkar, Chairman of the 13th Finance Commission, to draw a roadmap for fiscal consolidation.

"We cannot overemphasise the urgency of fiscal consolidation," said Mayaram. But he added that, though the government had not yet taken a final call on Kelkar's recommendations, it had decided to reject one suggestion on pruning subsidies as it ran counter to the UPA's aim of inclusive growth.

The rejected suggestion was to end diesel subsidy in two years. The fuel, which powers commercial transport and whose prices are

SHEKHAR GHOSH

"EVEN IF ONE LOOKS AT THE WORST-CASE SCENARIO OF THE INSURANCE BILL NOT GOING THROUGH (IN PARLIAMENT), I STILL FEEL THE SERIOUSNESS WITH WHICH THE GOVERNMENT IS PUSHING REFORMS IS A VERY WELCOME STEP"

P. Nandagopal,
Managing Director and CEO,
IndiaFirst Life Insurance Company

The existing insurance companies will use the capital to grow their business and provide much required solvency capital. Increased FDI is likely to bring close to ₹8,000 crore of capital into the country

Rajesh Relan,
MD and Country Manager, MetLife India Insurance Company Ltd

therefore linked to the prices of goods, carries a subsidy of ₹11.65 a litre to the retail consumer.

The magnitude of Chidambaram's challenge to push through Parliament legislation on insurance and pension can be gauged from the torturous courses these bills have taken. He first introduced the pension bill nearly eight years ago, as the finance minister of the first UPA government. Pranab Mukherjee, who was in charge of the Finance Ministry during the period that Chidambaram headed the Home Ministry, tabled the pension bill again in March 2011.

The insurance bill was first introduced in the Rajya Sabha by Chidambaram not long after he brought in the one on pension. Add to this the fact that the UPA does not have the numbers to ensure a smooth sailing for the two bills.

The opposition parties are of course going to block the bills, but it is not as if all the Congress allies in the UPA will be supportive either. The Dravida Munnetra Kazhagam, for instance, has been cool to the burst of reforms. No one was therefore surprised when Chidambaram made conciliatory noises when announcing the Cabinet's approval to the insurance and pension bills. "We will continue to engage all political parties in Parliament to get this bill passed," he said of the insurance bill.

Tricky negotiations lie ahead. "Legislation making in a Parliament where the government does not have absolute majority is a process of discussions and negotiations," he said, explaining that the UPA would also reach out to the main opposition Bharatiya Janata Party.

Reaching out is fine, but it does not guarantee that the BJP will be won over. The Election Commission has announced that counting for the forthcoming Assembly elections in Gujarat, a BJP fortress, will take place on December 20, around the time Finance Ministry officials say the winter session of Parliament will start.

As the Congress seeks to regain Gujarat, the heat of the elections might singe bills in Parliament. But it is not the first time that Chidambaram will seek to walk on political thin ice. And the stock market may not shy away from betting on him. Once again. ◆

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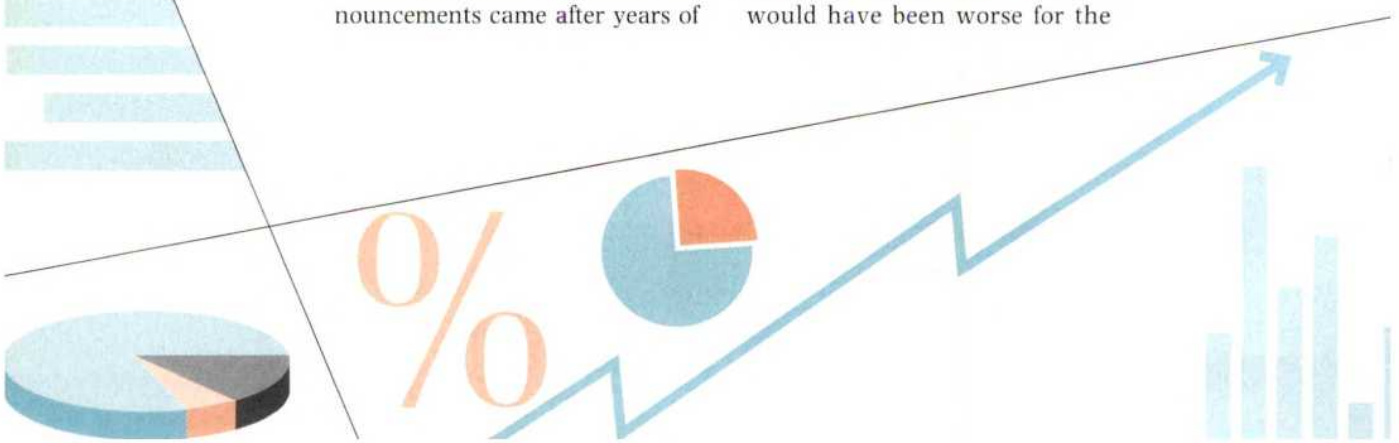
Spirits Rise

The *Business Today*-C *fore* Business Confidence Survey finds that optimism inched up in the September quarter after the first set of reforms was announced.

By SHWETA PUNJ

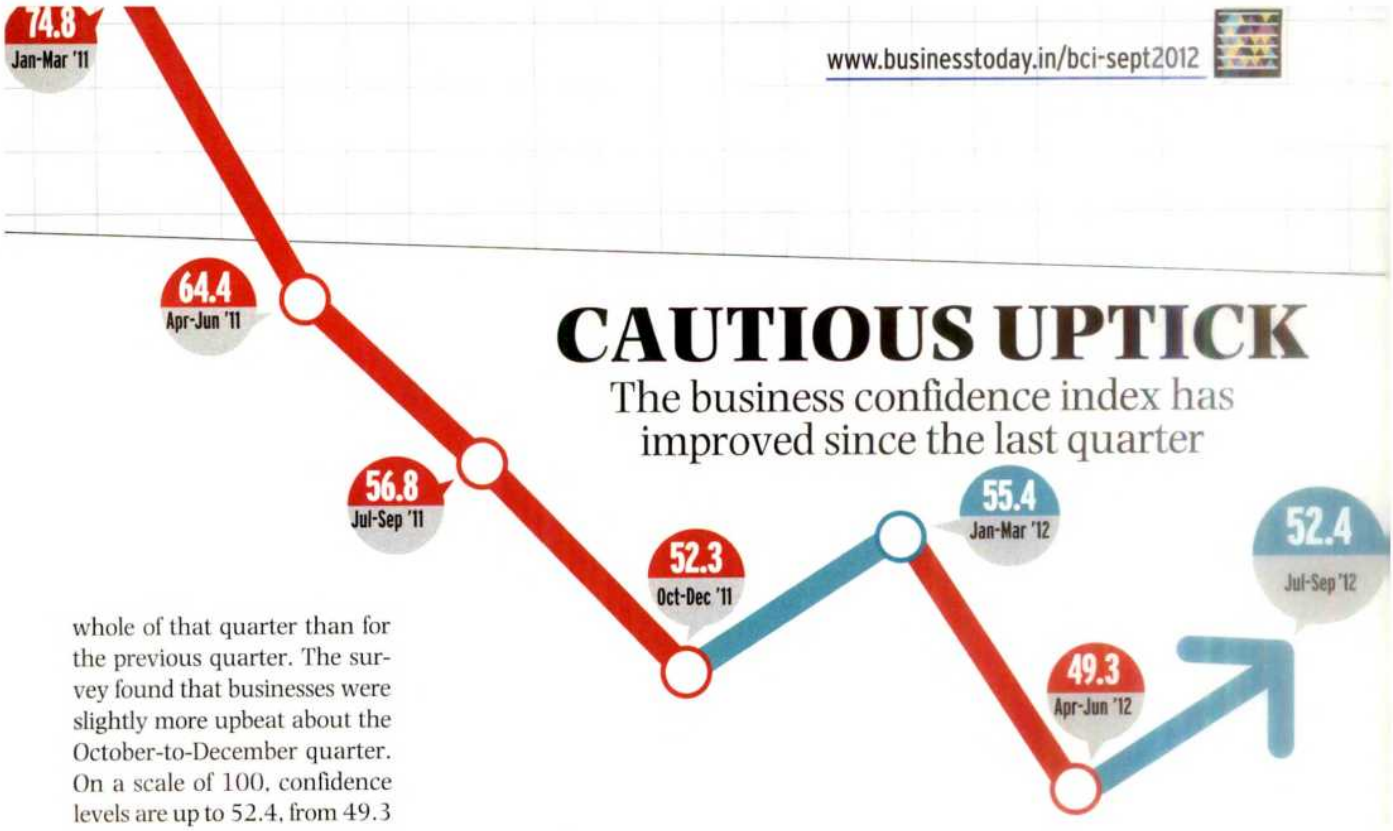
When Ravi Kanoria, President of the Federation of Indian Chambers of Commerce and Industry (FICCI) participated in an investors' meet in the United States in September, something was different. The negativity and pessimism about India that characterised such gatherings was missing. "I heard the sentence that India has the ability to rise like a phoenix," says Kanoria. The meeting was on September 24 and 25, shortly after India announced the opening up of multi-brand retail to foreign direct investment (FDI), an increase in diesel prices, and a cap on subsidised LPG cylinders. The announcements came after years of inaction, and sparked a sense of optimism amongst businesses at home and abroad, and a little more confidence that the government may finally be getting serious about reform. But the optimism is tempered with a large dose of caution about whether the momentum will last.

The *Business Today*-C *fore* Business Confidence Survey for the July-to-September quarter found that confidence levels amongst businesses have risen after months of despondency. If it were not for the reforms announcements in September – politically fraught ones, at that – business confidence levels would have been worse for the



CAUTIOUS UPTICK

The business confidence index has improved since the last quarter



whole of that quarter than for the previous quarter. The survey found that businesses were slightly more upbeat about the October-to-December quarter. On a scale of 100, confidence levels are up to 52.4, from 49.3 in the April-June quarter.

Business Today started the business confidence survey in the first quarter of 2011. From a high of 74.8 in the quarter that ended in March 2011, confidence declined steadily, and picked up only in the first quarter of 2012, ahead of Budget expectations.

While business confidence seems to be recovering, there is still wariness. Almost all the business leaders *Business Today* spoke to questioned the government's ability to carry through the reforms. So it could be a while before hope translates into investment.

The founder of India's biggest biotechnology company, Biocon, Kiran Mazumdar Shaw, plans to wait and watch before making investment decisions. She says: "The government's moves are positive signals, but investor confidence will be restored only if the government can implement these policies."

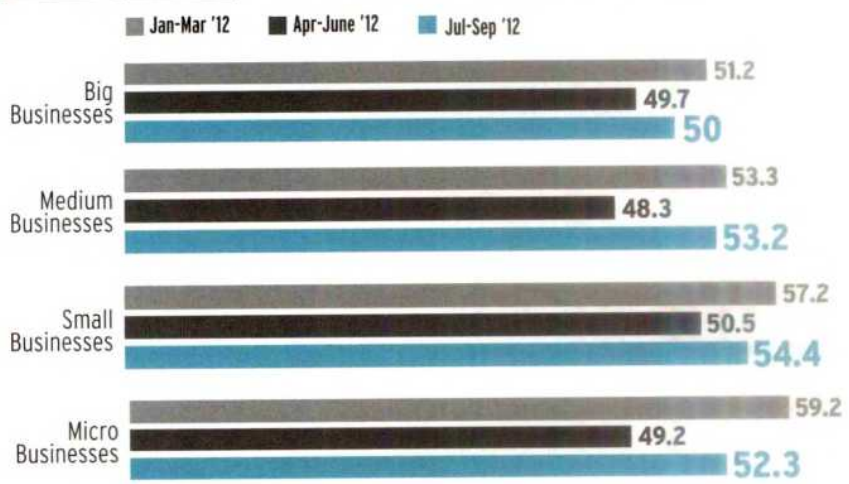
Glenn Saldanha, Chairman and Managing Director of Glenmark Pharmaceuticals, says: "Although business sentiment is showing signs of positiv-

BCI by Sector

Morale has improved in all sectors

BCI by Size

Companies of all sizes feel more confident



Business Confidence Index on a scale of 100

"Investor confidence will be restored only if the government can fully implement these reform policies"

KIRAN MAZUMDAR SHAW
CMD, Biocon

ity, we believe it will take three to six months for the overall business environment to become more predictable and positive."

While big businesses are cautiously optimistic, small and medium businesses question FDI in retail, or have yet to form an opinion. For instance, Koathappally Bhavadasan, Managing Director of the ₹35-crore KP Namboodiri's Ayurvedics, Kerala-based herbal products company, spends a lot of his time battling with excise authorities. His company packages a mixture of herbs and spices for use as an infusion. The excise department taxes it as a 'processed food', but Bhavadasan says it falls in the 'unprocessed herb' category. "They know only a processed item is excisable, yet they are after us, desperate to somehow raise revenues," he says. The prospect of FDI has done nothing to cheer people like him.

Nearly 32 per cent of the businesses surveyed said they did not expect the recently announced reforms to affect their company's performance, and 47 per cent reported that they expected their businesses to do better.

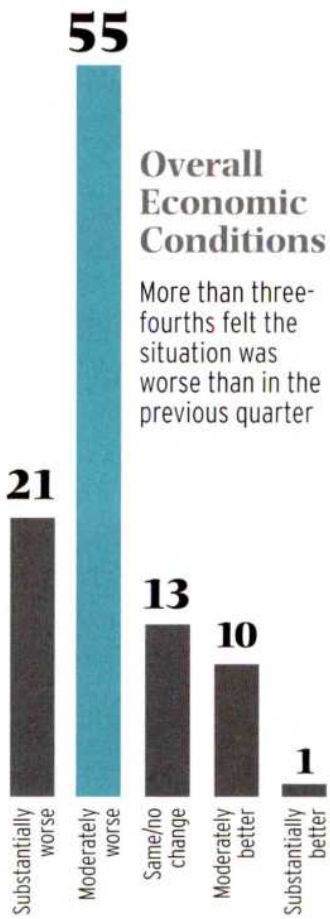
Expectations are mounting on the Reserve Bank of India (RBI) to

IT CAN ONLY GET BETTER

Confidence picked up in late September

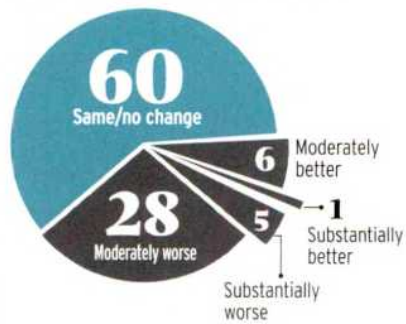
Overall Economic Conditions

More than three-fourths felt the situation was worse than in the previous quarter



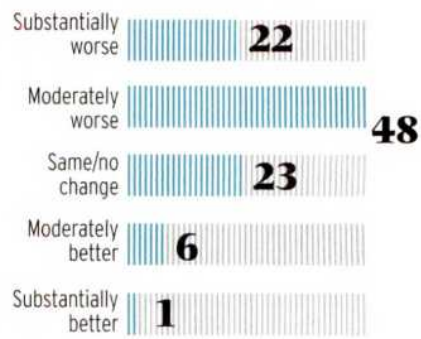
Availability of Business Finance

33% of respondents said funds were harder to raise than before



Profit Margins

70% felt margins were tighter



Demand Conditions

66% felt demand had dropped

Hiring Conditions

More than half felt hiring had fallen

Figures indicate percentage of respondents

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Arpit Agrawal

All India Rank - 1
in IIT-JEE, 2012

Two Year Classroom Program (in class XI & XII) and ASCENT - One Year Classroom Program (in class X)

Student of
FIITJEE Delhi (South) Centre

Besides, he has been awarded KVPY (Kishore Vaigyanik Protsahan Yojana) Fellowship, 2011.

He has also qualified Indian National Mathematical Olympiad, 2012 and Indian National Chemistry Olympiad, 2012 for Orientation-Cum-Selection camp (OCSC)

I Arpit Agrawal, joined FIITJEE South Delhi in 2009 - 10 in my class X and then for the session 2010 - 12, I joined FIITJEE Two Year Classroom Programme in class XI at South Delhi Centre and no other classroom programme in any other institute.

In the class, the concepts were presented in the most logical and interesting manner and detailed conceptual discussions took place whenever the students were in doubt. I got to practise most types of problems within the class itself and supplements were given in the form of CPP's. The teaching system was pattern - proof and equal weightage was given to all topics. The basic emphasis was on the underlying principles. I felt free to ask all kinds of doubts and the teachers addressed all of them patiently.

FIITJEE also has a good system of testing. I had TYCP quizzes, AITS, AIITS and common tests which gave me an insight into my performance relative to others and also an idea about what I should expect in IITJEE. The syllabus was completed well in time and thus I had enough time for a thorough revision, concept strengthening and proper practice.

In two years of IITJEE preparation, I also cleared KVPY, RMO (twice), INMO, INCHO and first level for physics and astronomy (NSEP and NSEA). I honestly feel that even if I had not been so successful in IITJEE, my opinion about FIITJEE would have been much the same.

I owe my success to FIITJEE South Delhi only.

Arpit

For more Success Stories of our IIT-JEE, 2012 Toppers, please visit www.iitjee2012toppers.com

"The internal rate of return on infrastructure projects is in the teens and interest rates are at 13%"

M.S. UNNIKRISHNAN
MD, Thermax

reduce interest rates. "At the current interest rates, borrowing is not viable for large-scale projects," says M.S. Unnikrishnan, Managing Director at energy and environment engineering company Thermax. "When the internal rate of return of infrastructure projects is in the teens and interest rates are at 13 per cent, it's not viable to make investments."

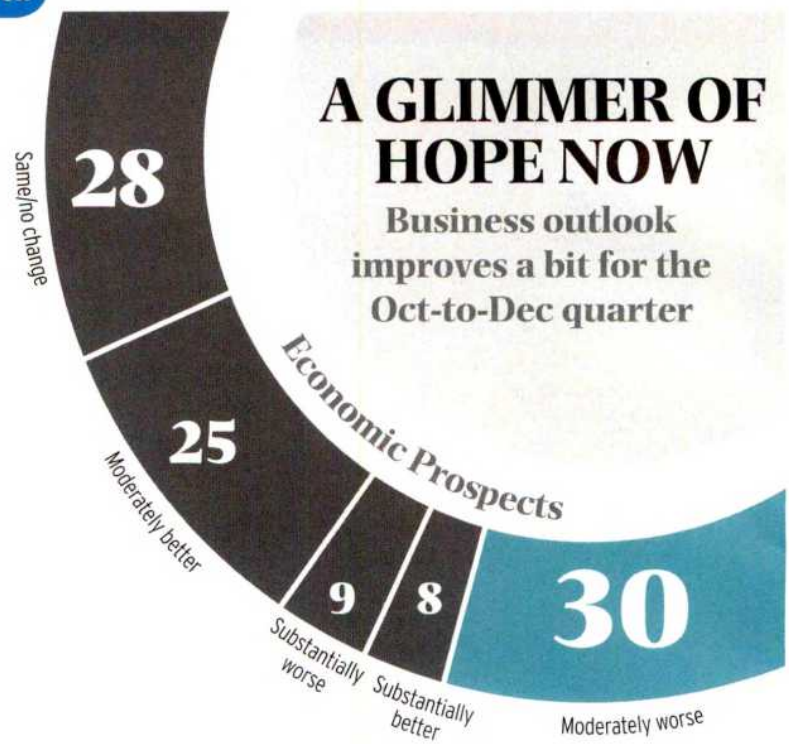
The RBI has raised its policy rate 13 times in the past three years, and cut rates only in April this year. RBI and the government consider six per cent inflation reasonably comfortable, but the recent diesel price hike is likely to exacerbate inflation. The inflation rate rose to 7.55 per cent in August from 6.87 per cent in July.

Nearly 63 per cent of survey respondents said they did not expect RBI policy to have any effect on their company's performance in the October-to-December quarter. Interestingly, 46 per cent also saw no change in their investment plans for the next quarter.

While the government's ability to take tough decisions in the face of dire political consequences has gone down well with industry, there is scepticism too. Thermax's Unnikrishnan says it will be six months before business sentiment turns pos-

A GLIMMER OF HOPE NOW

Business outlook improves a bit for the Oct-to-Dec quarter

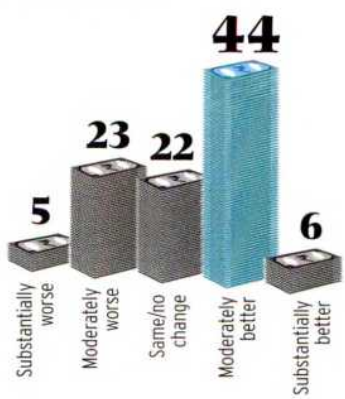


Overall Business Situation

44% feel things will be better in the Oct-to-Dec quarter

Substantially worse	3
Moderately worse	24
Same/no change	29
Moderately better	34
Substantially better	10

Availability of Finance



Order Book

There is growing optimism on finance, less so on orders

Figures indicate percentage of respondents

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"At an investors' meet in the US in September, I heard that India has the ability to rise like a phoenix"

RAVI KANORIA
PRESIDENT, FICCI

itive. Investments in core sectors such as steel and power need to be kick-started, he adds.

The Asian Development Bank seemed to echo the caution and scepticism of businesses when it cut 2012/2013 growth projections for India from seven per cent to 5.6 per cent soon after the first set of reforms was announced in late September. ADB said in a statement: "The slowdown in new infrastructure projects and the shelving of some approved projects points to continued weakness in investment." So although the government has made some headway, the task of restoring confidence and attracting investment has barely begun.

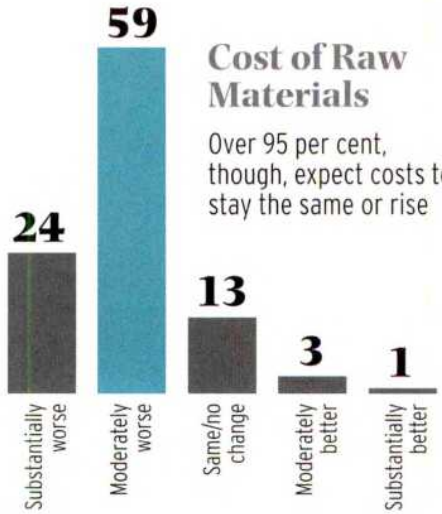
While apprehensions persist, many reckon that the worst may be over. Harsh Pati Singhania, Managing Director, JK Paper, says the reform announcements are "not enough to convince industry to start investing again. But this would certainly make industry look at investment." ◆

ADDITIONAL REPORTING BY ANAND ADHIKARI, K.R. BALASUBRAMANYAM AND G. SEETHARAMAN

Send your comments to editor.bt@intoday.com

Cost of Raw Materials

Over 95 per cent, though, expect costs to stay the same or rise



Investment Outlook

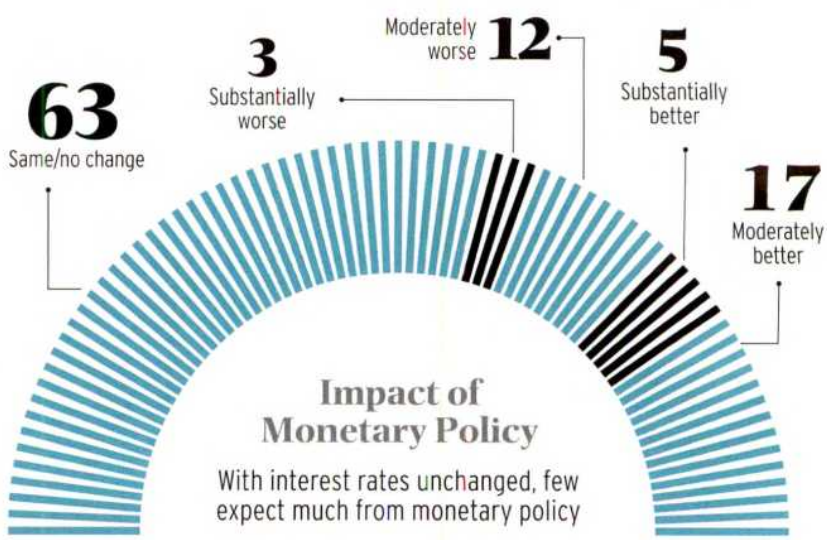
Expectations stay low

Sales Outlook

42% expect sales to rise

Impact of Monetary Policy

With interest rates unchanged, few expect much from monetary policy



Figures indicate percentage of respondents

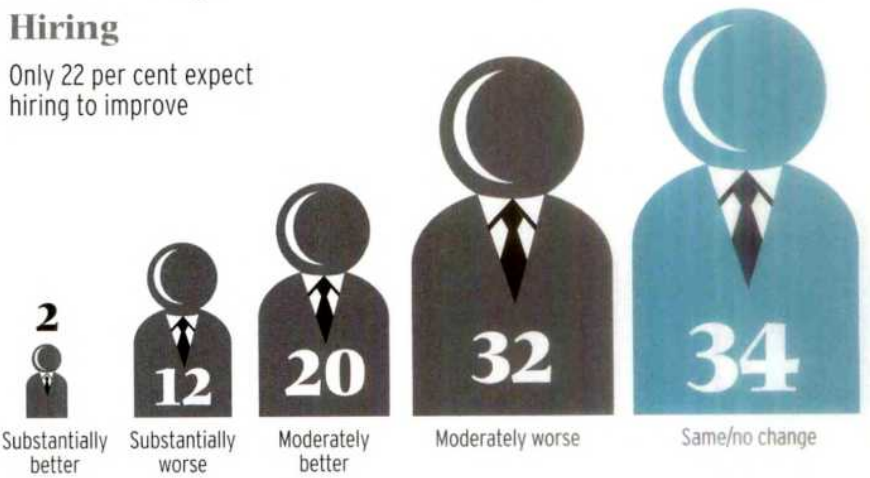
Production Levels

37 per cent expect production to increase

Selling Prices

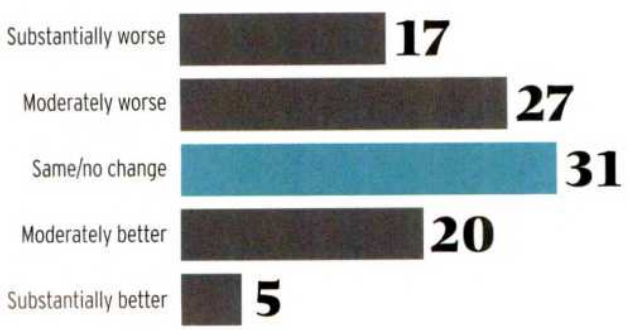
Hiring

Only 22 per cent expect hiring to improve



Profits

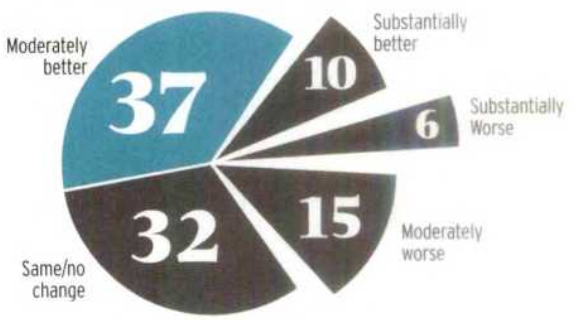
Only a quarter believes bottom lines will be better



Figures indicate percentage of respondents

Impact of Recent Steps by Government

47 per cent are optimistic about the recent reform measures



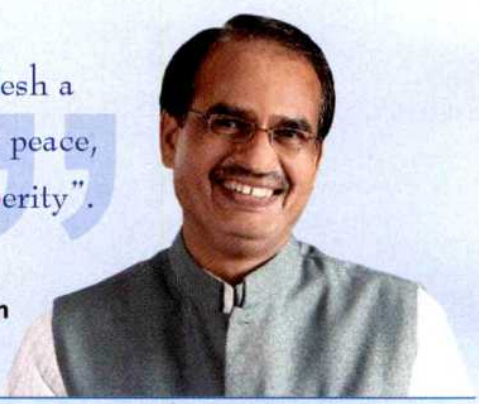
Figures indicate percentage of respondents

METHODOLOGY

Market research agency *C fore* conducted the survey for the July-to-September quarter. The field work was done in September. A structured questionnaire was administered to CEOs/CFOs of companies. Five hundred CEOs/CFOs representing various industries in terms of sector and size were interviewed. The survey was conducted in 12 cities - Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, Nagpur and Visakhapatnam. The companies were segmented based on turnover as well as products. Those with a turnover of over ₹500 crore are termed as big, those with a turnover of ₹100-500 crore as medium, those with a turnover of up to ₹100 crore as small, and those with a turnover below ₹5 crore as micro businesses.

Government of
Madhya Pradesh

"I have resolved to make Madhya Pradesh a developed state, which will be known for peace, harmony, solidarity and economic prosperity".



Shivraj Singh Chouhan
Chief Minister,
Madhya Pradesh

Kailash Vijayvargiya
Minister of Commerce,
Industry & Employment,
Madhya Pradesh

"The State Government is undertaking several measures towards availability of suitable land parcels, well-developed industrial infrastructure, single window clearance mechanisms and other fiscal and non-fiscal incentives, to improve the ease of doing business in the state".

Invest in India's Growth Centre. Invest in Madhya Pradesh.

Madhya Pradesh, with its limitless possibilities, has been a role model of inclusive growth in the country. The state economy has registered an impressive Cumulative Annual Growth Rate (CAGR) of 9.5% during the period 2006-12 and a surging agricultural growth of 18% during 2011-12. Rapid industrial development, proactive and transparent governance and strategic location make Madhya Pradesh the Growth Centre of India.

The Government of Madhya Pradesh is organising a Global Investors Summit between 28th - 30th October, 2012 at Indore. This summit will bring together a galaxy of national and international businessmen, thought leaders and investors. It will offer the perfect opportunity to explore business and investment opportunities offered by Madhya Pradesh.

Welcome to the Global Investors Summit in Madhya Pradesh.

Focus Sectors

Agribusiness and Food Processing
Renewable Energy
IT/ITES
Warehousing and Logistic
Technical Education and Skill Development
Healthcare and Pharmaceuticals
Tourism
Textile and Apparels
Infrastructure
Automobile and Engineering

Advantage Madhya Pradesh

- **Strong Economy**
- **Strategic Location**
- **Excellent Connectivity**
- **Robust Industrial Infrastructure**
- **Rich Natural Resources**
- **Educated and Skilled Human Resource**
- **Peaceful Labour Environment**
- **Proactive Administration & Progressive Policies**

INVEST Madhya Pradesh

India's Growth Centre

Global Investors Summit
October 28-30, 2012, Indore

Organised by TRIFAC

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Knowledge Partner Ernst & Young *Quality In Everything We Do*

Aakriti

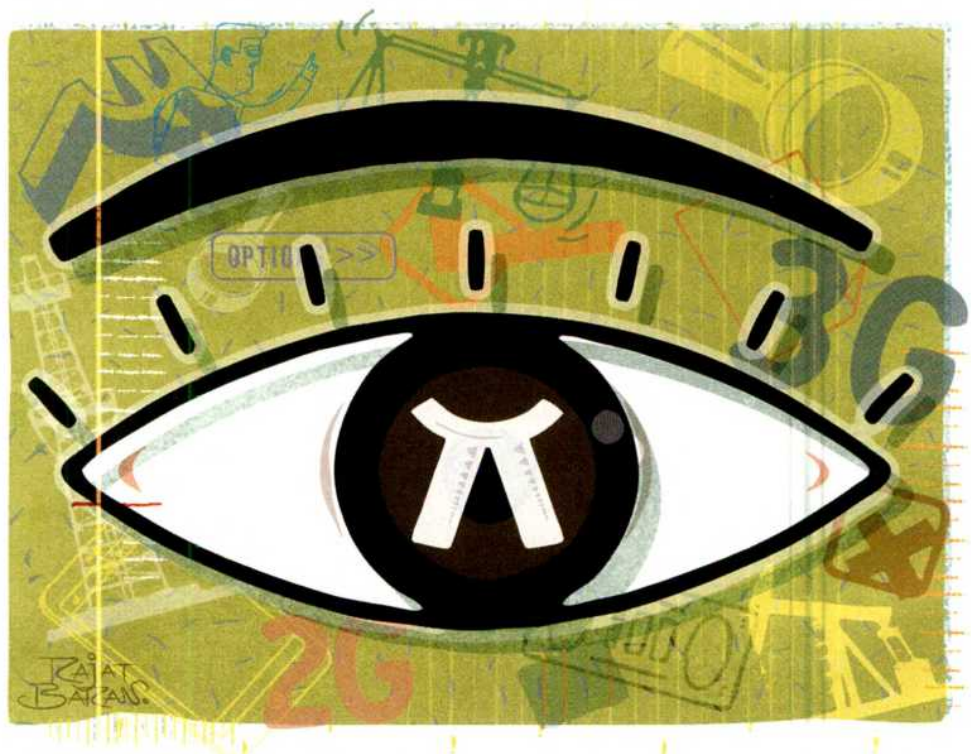
For registration please visit **www.investmp.com** and for any information please contact us at **info@investmp.com**

FOCUS

36 Interview: Kapil Sibal
38 Big Cities, Big Bucks
40 Fixing the LIBOR

Keeping Vigil

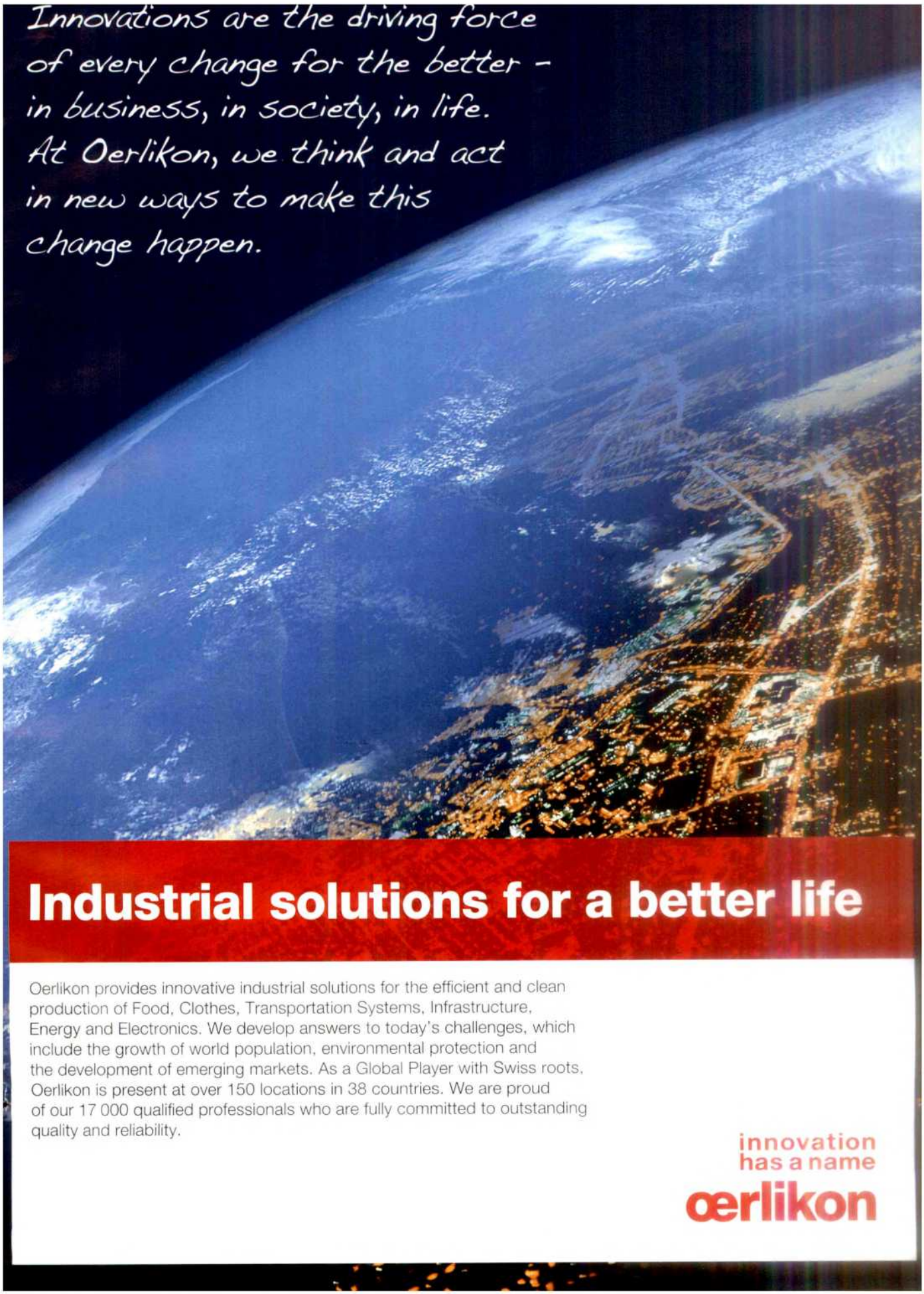
The Supreme Court judgment on allocation of resources retains judicial scrutiny of executive actions without circumscribing policymaking. By HARISH SALVE



122
2G spectrum licences were cancelled by the Supreme Court in February

The Supreme Court, true to its constitutional commitment, has answered the Presidential reference uninfluenced by the hydraulic pressure of perceived popular sentiment, clarifying the law relating to distribution of natural resources. The interpretations of this verdict by the government, by the opposition, and by some members of civil society suggest they have different versions of the judgment – with little in common between them.

A careful analysis of what the Supreme Court did actually say is therefore vital.



Industrial solutions for a better life

Oerlikon provides innovative industrial solutions for the efficient and clean production of Food, Clothes, Transportation Systems, Infrastructure, Energy and Electronics. We develop answers to today's challenges, which include the growth of world population, environmental protection and the development of emerging markets. As a Global Player with Swiss roots, Oerlikon is present at over 150 locations in 38 countries. We are proud of our 17 000 qualified professionals who are fully committed to outstanding quality and reliability.

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has a name

oerlikon

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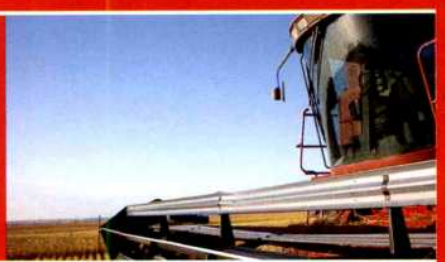
Transmissions for agricultural machinery, vacuum solutions for the processing, food and packaging industry.



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World's largest manufacturer of textile machines for the production of natural and synthetic fibers.

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Coatings for engine components, machines for tire cord, transmissions for sports cars, locomotives and heavy trucks.

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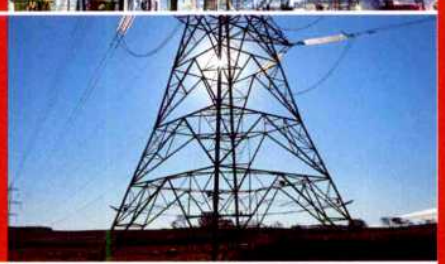
Transmission solutions for construction and mining, the extraction of oil and gas as well as wind energy.



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"THE SUPREME COURT HELD THAT MANDATORY AUCTION MAY BE CONTRARY TO ECONOMIC LOGIC"

Harish Salve

What's Not Been Said

The Court has not held that the government has a free hand in the matter of distribution of natural resources in the sense of a monarchial dispensation of largesse. As Justice Kehar pithily postulates, one Indian cannot be enriched to the impoverishment of 1.24 billion!

Jurisprudence in the post republican era has evolved into a strong check on arbitrary exercise of power. Perhaps the time has come to now substitute the word "power" with the word "duty" and remind those who hold high office that the higher the office, the more solemn their duty.

What Has Been Said

The Court, in the first instance, put the matter in perspective by clarifying that the Indian variant of the doctrine of "public trust" was, in the ultimate analysis, the principal by which disposition of certain natural assets would warrant higher judicial scrutiny. In lay language, this means that while generally the Court will not interfere with the content of policy, in relation to some assets it would carefully scrutinise this policy to ensure that it does not merely pay lip service to the cause of "public good" but is a genuine and a bonafide policy decision – not a ruse to alienate or create private interests in natural resources of certain kinds. Waterfronts for development of ports, mining in or near sanctuaries, use of rivers etc, are cases of this kind.

On the question whether auction as a mode of disposal of natural resources was a constitutional requirement, the Court said "we would unhesitatingly answer it in the negative since any other answer would be completely contrary to the scheme of the Constitution". Reiterating the principles of judicial restraint the Court reminds us that "the Courts are not at liberty to declare a statute void, because in their opinion it is opposed to the spirit of the Constitution. Courts cannot declare the limitation of constitutional requirement under the notion of having discovered some ideal norm".

The Court noted the contention of the Centre for Public Interest Litigation [represented by Shanti Bhushan and Prashant Bhushan] that revenue maximisation during the sale or alienation of a natural resource for commercial exploitation is the only way of achieving public good since the revenue collected can be channelised to welfare policies and controlling the burgeoning deficit. But the Court rejected this view decisively, and held "we are not persuaded to hold so. Auctions may be the best way of maximising revenue but revenue maximisation may not always be the best way to subserve public good. Common good is the sole guiding factor under Article 39 (b) for distribution of natural resources". Giving instances, such as exploration and exploitation contracts and so forth, the Court held that mandatory auction may be contrary to economic logic. Similarly where the object of a state policy is to promote domestic development of an industry, auction may not be the sole method. Auction has its own drawbacks – for example, a 'winner's curse', where the auction purchaser ends up overbidding and acquiring an uneconomic asset.

Having held that it is not for the Court to conduct a comparative study of the various methods of distribution of natural resources, the Court entered a caveat – "when such a policy decision is not backed by a social or welfare purpose, and precious and scarce natural resources are alienated for commercial pursuits of profit maximising private entrepreneurs, adoption of means other than those that are competitive and maximise revenue may be arbitrary and face the wrath of Article 14 of the Constitution".

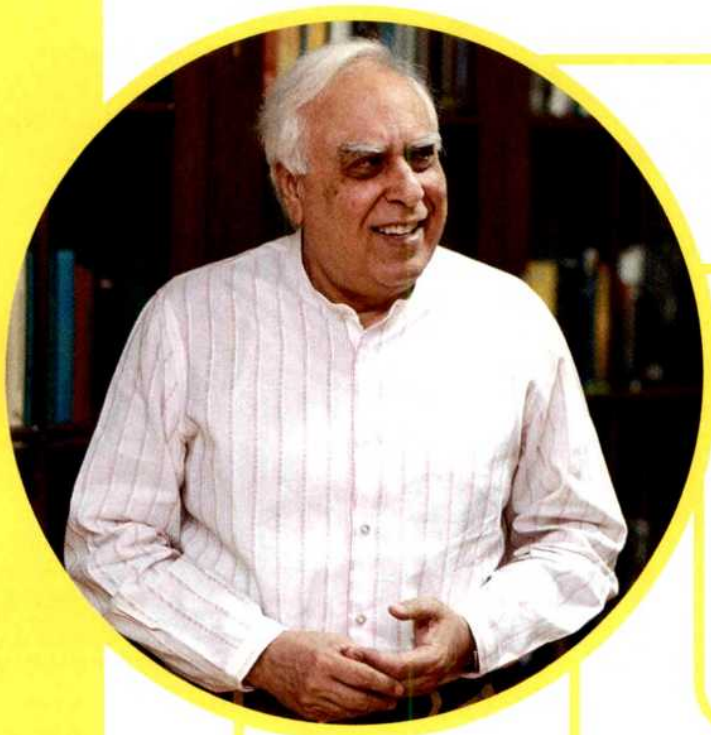
The judgment is a study in careful constitutional analysis, with the Court showing sensitivity to the need for judicial control of executive action on a case by case basis, but refusing to lay down a mandate which would circumscribe policymaking. Upholding executive prerogative in the matter of framing economic policy, the Court reminded the Government that economic policy must conform to the constitutional mandate of good governance – distribution of material resources so as to subserve public good. Where a policy does not subserve public good, the Court can – and the Court will – interfere to strike it down.

Two messages are clear from this judgment. Crony capitalism is anathema to a republican system of government and no policy to favour a chosen few will pass judicial scrutiny. Equally the Court will not allow itself to be used as a tool for foisting an economic philosophy under the guise of a constitutional limitation. Perceptions of egregious corruption are momentary and cannot be the basis of evolving the jurisprudence of a timeless Constitution.

Constitutions live beyond dark moments and their jurisprudence is based on a vision of India where we can walk once again with our heads held high. ◆

The author is a leading advocate and former solicitor general of India

For the full interview go to www.businesstoday.in/kapilsibal



Human Resources Development Minister **KAPIL SIBAL** discusses some of the problems of management education with **Sebastian P.T.** Edited excerpts:

"WE ARE CERTAINLY WORRIED ABOUT QUALITY IN HIGHER EDUCATION"

On giving IIMs the status of 'Institutes of National Importance': It is for them to decide. By and large, they are in agreement, but the flipside is they will lose some of the enormous autonomy they have. When you come under the concerned statute, its contours regulate your functioning. A couple of IIMs do not want this.

On B-schools of dubious quality proliferating in the country:
We are certainly worried about quality in higher education. Unless we put our accreditation system in place we will not be able to deal with quality. So, passing the National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010 is very important. The Opposition should realise the challenges and the necessity of these reforms.

On top B-Schools going in for international accreditation:
If a child from the US comes to India and gets just a management diploma, his chances of getting employed back in the US are reduced. Many jurisdictions have a condition that you can get a job only with a management degree. (If we restrain these schools) we are depriving ourselves of students from overseas.

On whether a middle path can be found by which autonomy can be increased within the statute:
We cannot change the statute for one institution. There are many institutes of national importance like the IITs.

ALSO SEE BEST B-SCHOOLS Pgs 48 - 141

One right entry can take you to places...

...Chartered Accountancy an appropriate career choice

CA. Jaydeep Narendra Shah
President, ICAI

"Chartered Accountancy has emerged as a globally acclaimed profession capable of offering new vistas to young talent, a new vision to build a career and a new idea to blossom. The Chartered Accountants trained by the Institute emerge as well rounded professionals with a global outlook and contemporary knowledge."

In this era of liberalization and opening up of economy the world over, the need for a specialist cadre of professionals who have skill sets in specific emerging areas has assumed a wider significance.

Over the past six decades, the Institute of Chartered Accountants of India (ICAI) has achieved the recognition of being the premier accounting body of the country. Its contributions in the fields of education, training, professional development and alike are deemed as the landmark for the growth of Accountancy Profession.

The ICAI offers complete solution for futuristic academic studies in the field of Chartered Accountancy. The course offered by ICAI is incisive, practical, focused 'On the job' training and intended to equip the students with specialized knowledge to enable them to advise and assist service seekers in professional spheres to bring about economic growth all-round.

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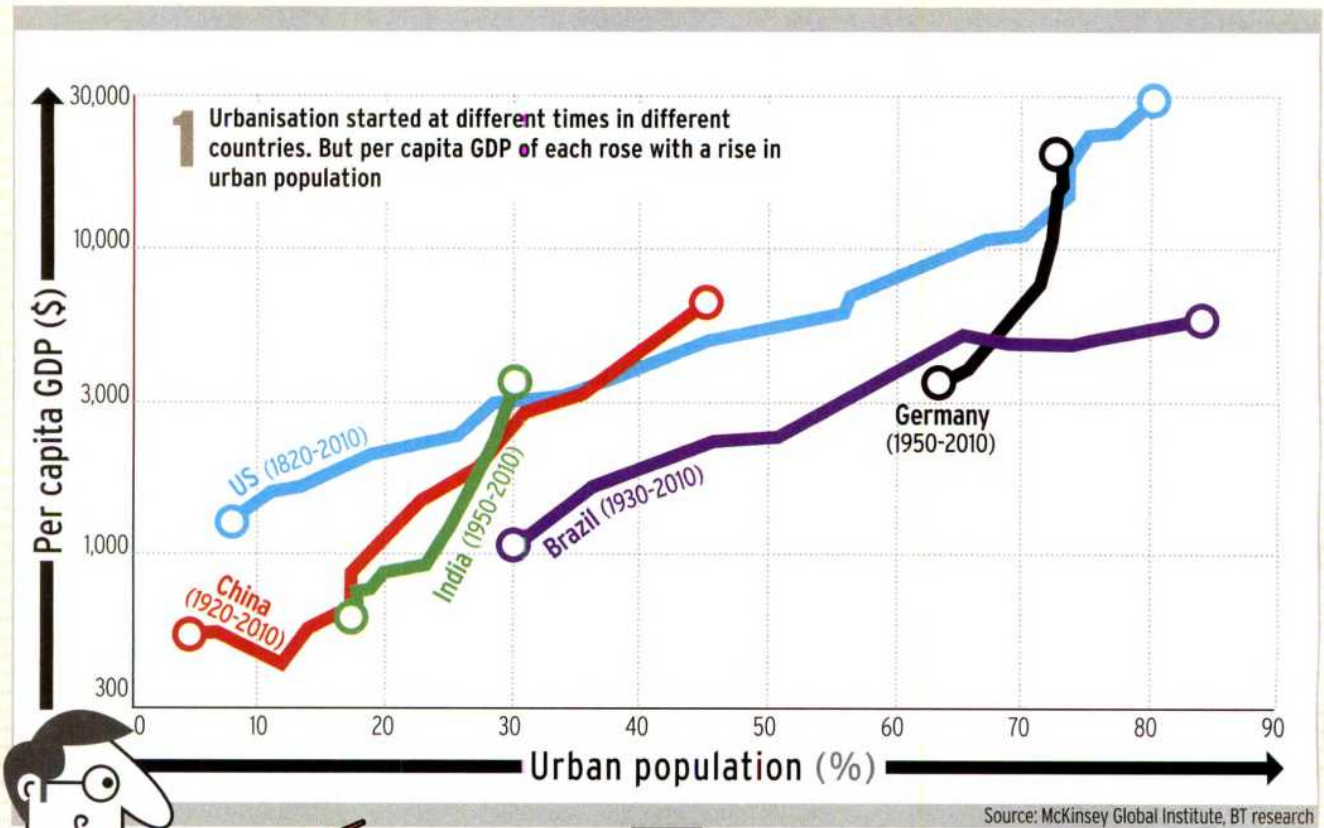
Escalate Towards Excellence

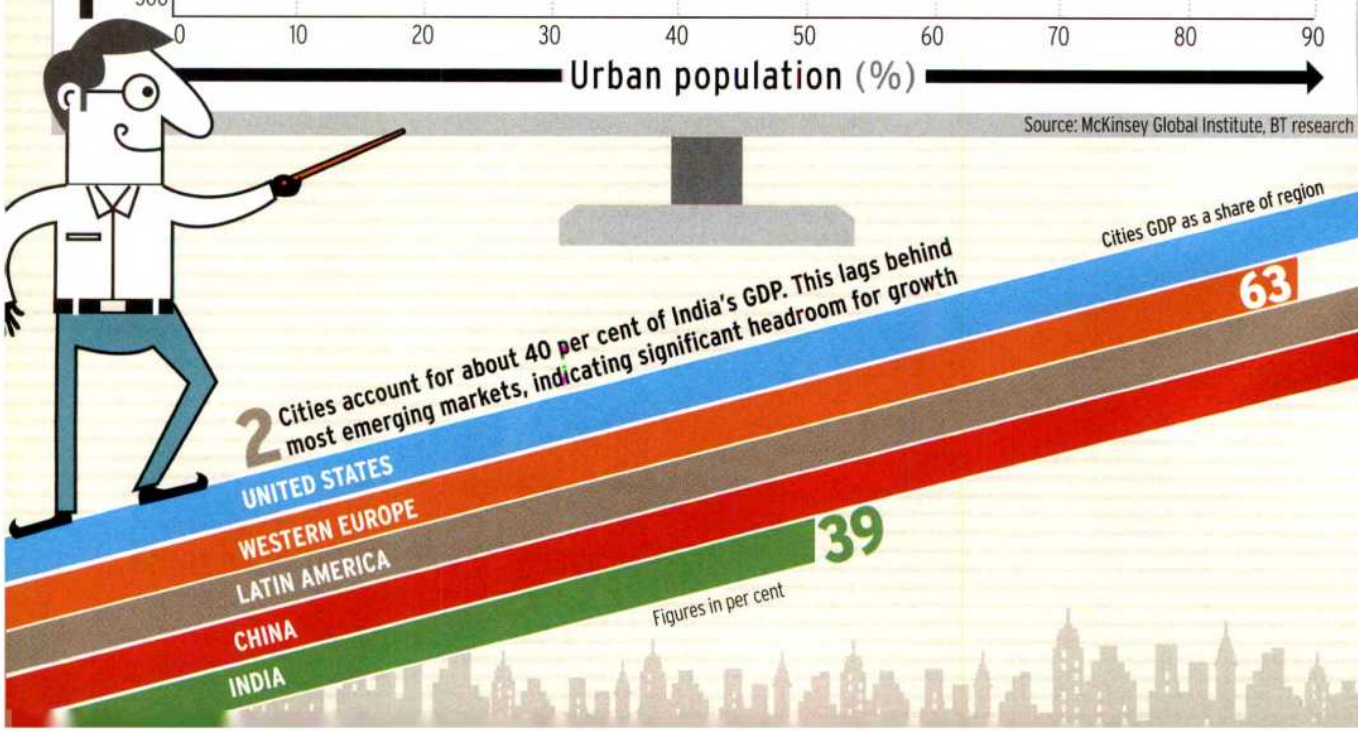
BIG CITIES, BIG BUCKS

Rapid urbanisation is essential to raise standards of living in the developing world, including India. Cities are hubs of economic activity and create wealth. A wave of urbanisation is now underway in emerging nations which will lift some one billion people out of poverty and add $30 trillion to global GDP by 2025, according to a study by McKinsey Global Institute. India, too, is urbanising but has a lot of catching up to do with other developing nations, particularly China.

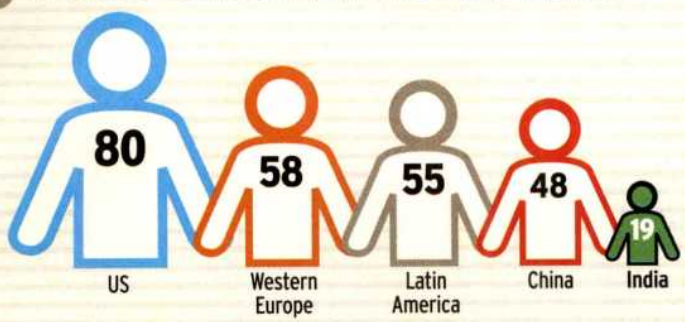
Graphic by **Santosh Kushwaha**



Source: McKinsey Global Institute, BT research



3 Only a small fraction of the Indian population lives in big cities*, far behind China and developing countries in Latin America



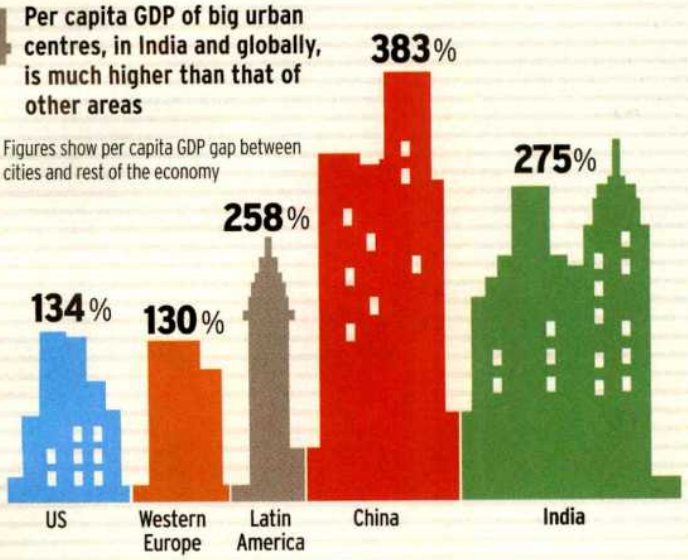
Figures in per cent
*Cities with population of over 200,000

OVER
$10 trillion
IN ADDITIONAL ANNUAL INVESTMENTS NEEDED IN CITIES BY 2025

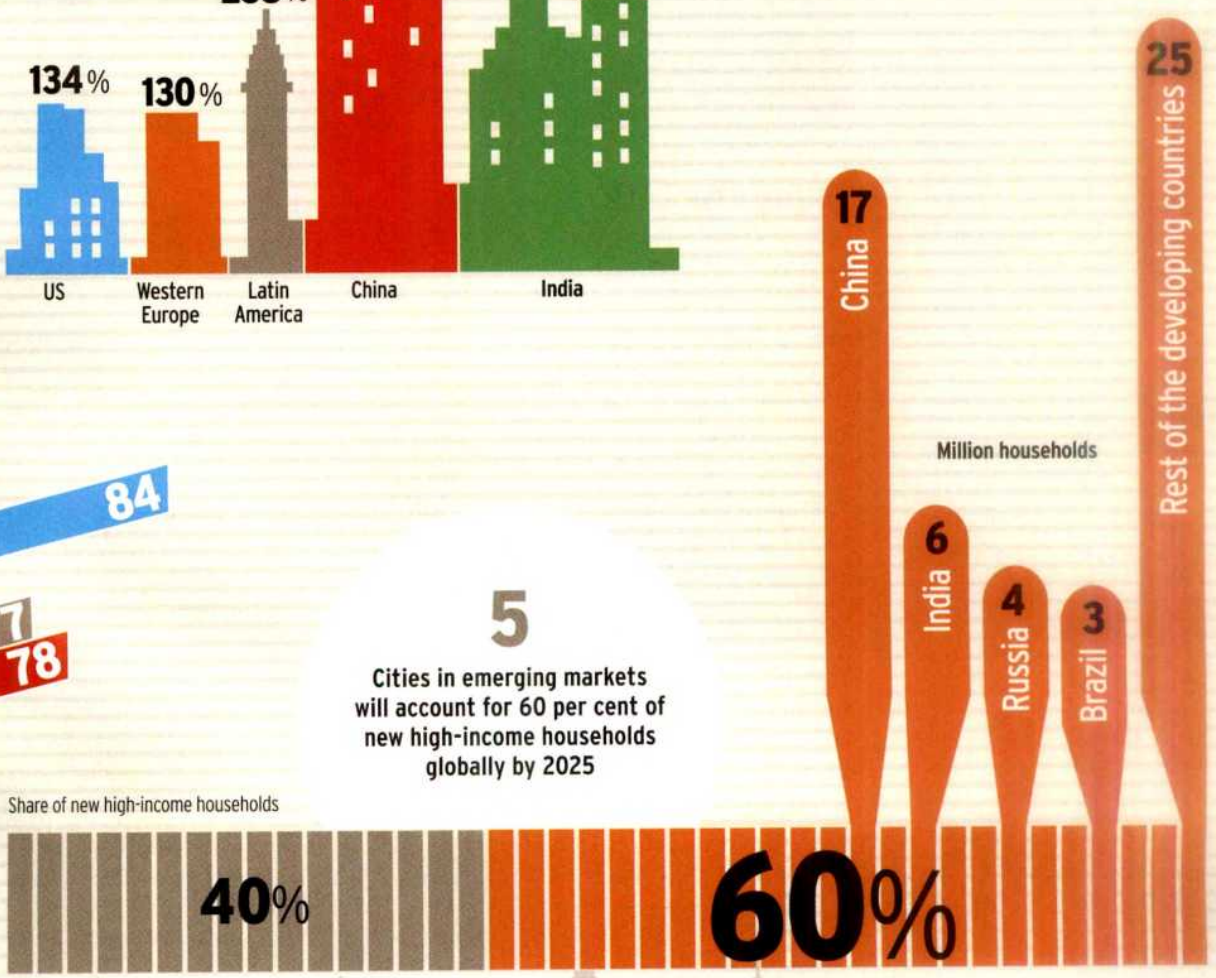
60%
OF THE NEW URBAN CONSUMERS WILL BE IN THE EMERGING MARKETS

4 Per capita GDP of big urban centres, in India and globally, is much higher than that of other areas

Figures show per capita GDP gap between cities and rest of the economy



5 Cities in emerging markets will account for 60 per cent of new high-income households globally by 2025



Breaking Tradition

Most UK colleges swear by tradition and the prestigious Cambridge University is no exception. However, there's one British ritual the university doesn't want its students to follow - binge drinking! A video will be shown to students asserting that 'there might be rules and traditions, but you don't need to join in'. It comes less than five months after Cambridge students made a spectacle of themselves at a public park in May following a drinking spree during the annual Caesarian Sunday event.

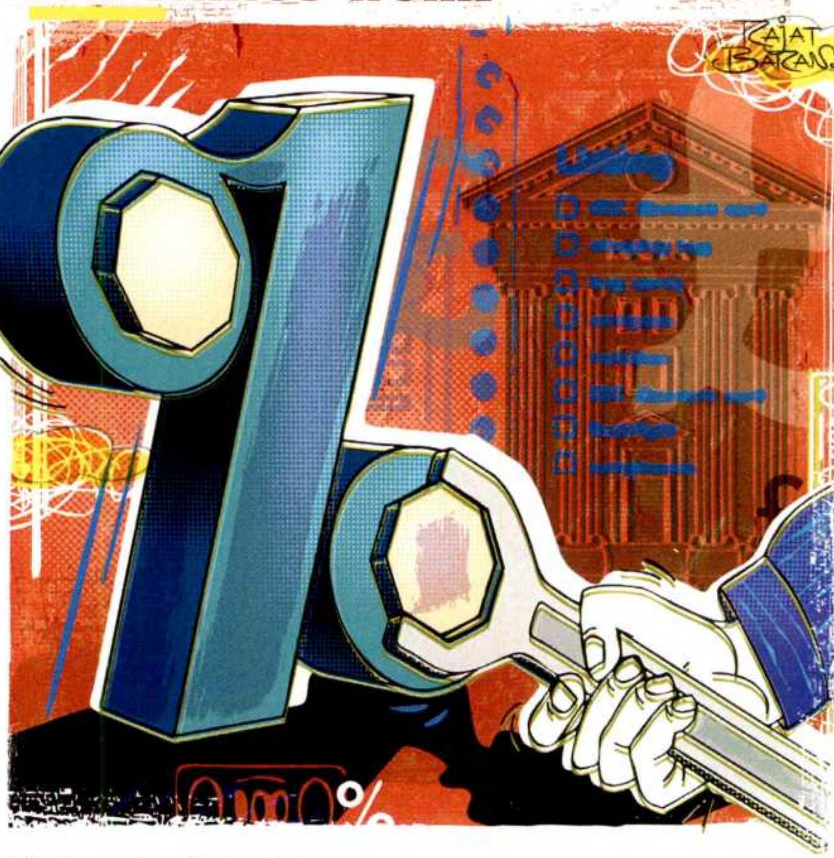
Save that Bottle

If you are super rich and want to pamper yourself, you could consider buying a bottle of Ruwa. It is the most expensive non-alcoholic drink available at ₹24 crore a bottle. UK-based Beverage Company created the drink largely for the United Arab Emirates where liquor is banned. But It is the bottle, not the beverage, which accounts for the price tag. The crystal decanter is encrusted with 8,000 diamonds, 200 rubies and two bars of white gold.

Wait Gets Longer

JSW Steel's proposed three million tonne steel plant in West Bengal is likely to be further delayed with the Gourangdih ABC coal block, given jointly to the Sajjan Jindal-led firm and Himachal EMTA Power Ltd, being de-allocated. The plant had faced land acquisition problems earlier. The block is among those mentioned in the CAG report on the coal scam. The coal was to feed a captive power plant for the steel project.

HOW THINGS WORK



Fixing the LIBOR

Authorities in the United Kingdom have vowed to fix the 'broken' London interbank offered rates (LIBOR) system, a move that will have its repurcussions on Indian industry. A look at the genesis of the LIBOR scandal and its global implications:

What is LIBOR: It is the interest rate at which banks can borrow funds from other banks in the London interbank market. LIBOR is set daily by a panel of banks on the basis of the rate at which they think they might be able to borrow from the markets. The British Bankers' Association oversees the process. LIBOR rates are an international benchmark to which hundreds of trillions of dollars in loans are tied.

What the problem was: Banks are accused of submitting rates not reflecting the price at which they might have been able to borrow during the 2008 credit crunch. Multiple banks are charged with trying to manipulate and suppress LIBOR rates in order to profit unfairly in derivatives trading. It could also have made the banking system appear healthier than it was during the 2008 crisis.

What is proposed: Britain's top financial watchdog, Financial Services Authority (FSA), has promised to overhaul a "broken" LIBOR interest rate system. It plans to bring LIBOR under an independent regulator to remove the perception that the system is run by banks.

Implications for India: The probe into the scam could lead to the resetting of LIBOR rates. The developments will be closely followed by Indian companies which had raised $104.4 billion until March 2012 through external commercial borrowings, about a third of the country's total external debt of $345.82 billion.

COMPILED BY BASUDHA DAS

Bijoy Singh Kochar

All India Rank - 2
in IIT-JEE, 2012

PINNACLE - Two Year
Integrated School Program
(class XI & XII) and
ASCENT - Two Year
Classroom Program
(in class IX & X)

Student of
FIITJEE Chandigarh Centre

Besides, he has been awarded KVPY (Kishore Vaigyanik Protsahan Yojana) Fellowship, 2011 wherein he topped the merit list in Stream SX . He has bagged Silver Medal in International Physics Olympiad, 2012 held at Estonia. He also won Silver Medal in Asian Physics Olympiad, 2012 held at Delhi.

I came to know about FIITJEE from my friends who had also joined the institute. I joined FIITJEE Chandigarh's Ascent 2 year classroom programme for class 9th and 10th, as it would provide me a good foundation for my JEE preparation. Satisfied by the quality of teachers and healthy competitive environment, I decided to continue my journey at FIITJEE in the pinnacle - 2yr's integrated School Programme.

Pinnacle programme offered me the opportunity to balance both boards and JEE preparation. The teachers at FIITJEE are very experienced, well versed with concepts and tactics to crack a problem. We went through weekly cumulative Assessment Tests which tested our knowledge of the subject while also providing our rank projection. Test Analysis were beneficial in providing an insight over my mistakes.

All Indian Test Series (AITS) provided me a platfoom to know my national standing, assess my short comings and mistakes. Rankers Test Paper File (RTPF) were a real time simulations of JEE just in the final days of preparation.

According to me all JEE aspirants should stay focussed, be sincere to studies and always be confident in order to fulfil their desires.

When joining any institute, one must verify its past records, results and standing. One should choose a programme offering maximum time for self study. FIITJEE has been a crucial point in my success. According to me FIITJEE is a IIT JEE specialist.

AIR : 2 (BIJOY SINGH KOCHAR)

"There are companies which are defying the law.... We have taken a series of measures"

In the 20 months he has been Chairman of the Securities and Exchange Board of India, ***Upendra Kumar Sinha*** *has taken several initiatives, but has also been involved in controversies. The Supreme Court order upholding SEBI's decision asking Sahara to return ₹24,000 crore to its investors, or the petition in the same court alleging irregularities in Sinha's appointment as SEBI chief are only the latest. But the 60-year-old IAS officer, who has held key positions in the finance ministry as well as headed UTI Asset Management Company, appeared unperturbed while speaking with* ***Chaitanya Kalbag*** *and* ***Anand Adhikari*** *in Mumbai. Edited excerpts:*

The bulk of the savings in our country is today moving into unproductive assets like gold. What steps is SEBI taking to increase market participation and channel domestic savings into equities?

Savings are channelled into productive sectors of the economy if two to three requirements of investors are met. First, there should be good oversight and supervision where they are putting their money. Trust has to be developed. Secondly, they look for a convenience factor in investing. Thirdly, they look for the outcome or return, which SEBI cannot guarantee. It is difficult to predict where the market is heading. SEBI, as per its mandate, has been working very seriously towards building trust and making it easier for investors to invest. We have set up a computerised investors' grievance redressal mechanism. That system can dispose off almost half the complaints we receive in less than 30 days. We have provided investors' helplines in 14 languages. We have started investors' awareness campaigns in smaller places such as Ranchi, Patna, Varanasi and Jaipur. In order to make it simple to invest, we have started a KYC (know your client) registration agency. Earlier, an investor was required to go for multiple KYC requirements for dealing with SEBI-regulated intermediaries such as a stock broker or a mutual fund.

PHOTOGRAPHS BY RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Now, a single KYC registration will be applicable for all transactions in the capital market.

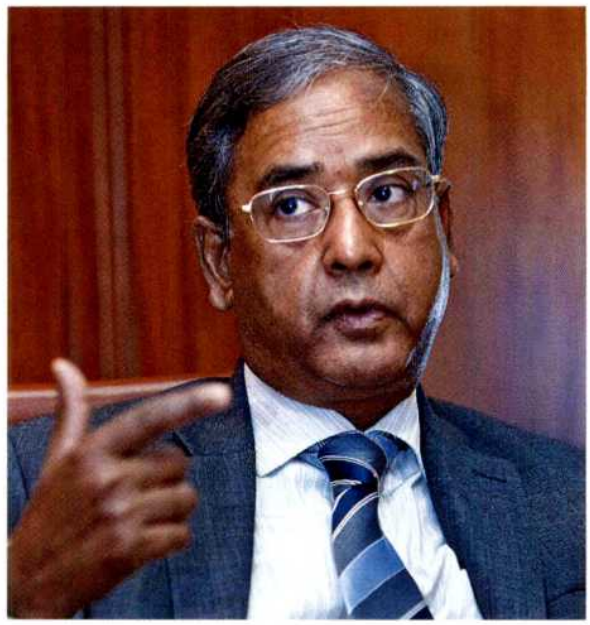
We also have taken a number of measures for the mutual fund industry. We have decided to compensate fund houses more if they go to cities beyond the top 15. We have allowed people without a bank account or permanent account number to invest up to ₹20,000 in cash.

Are you worried about the under-performance and the health of the mutual fund industry?

The mutual fund industry's performance has been very good. It is wrong to say they have not done well. To give you an idea, over a five-year period, funds with 70 per cent of assets under management (AUM) have done better than the comparable indexes. Let us not create an impression that the mutual fund industry hasn't done well and then force investors to play in the secondary market. However, we have been pressuring and monitoring the fund houses whose schemes are not performing well. We have said they should improve or we will take action against them.

Is trust a big factor for the limited participation of retail investors that we see in the Indian stock market?

There is no assurance of fixed returns in capital markets, unlike in fixed deposits. People have to be convinced that they can trust the system. So trust becomes an important factor. Some misconduct has happened in the past because of which trust has been eroded to some extent. Our task is to restore that trust.



"We have been pressuring and monitoring the fund houses whose schemes are not performing well"

Do you feel compliance by companies has been improving because of SEBI's vigilance?

We cannot control human nature. We believe that we can be a very important deterrent. That is our task. I will leave it to you to judge whether we have been successful over a period of time or not. We have a very strong surveillance mechanism. We get hundreds of alerts every day. Each alert is followed up to the end. We are getting real-time integrated data across multiple exchanges.

On the investigations front, we have taken action against people, for example, those who were misusing global depository receipts issues. We have taken action against some people who were manipulating the IPO market. We have banned some merchant bankers. We have taken steps to reduce stock volatility on the day of listing. Earlier, certain people took advantage of the huge swings on the opening day. Now, we let the price discovery happen in a one-hour window before the market opens and then there is a regular trading band that operates. In fact, there is no volatility in IPOs ever since we have introduced this system.

You have taken action against merchant bankers and promoters, but what about independent directors and auditors?

We have put independent directors on notice. We have started proceedings against them. But we want to satisfy ourselves that they were actually involved in the decision-making process. Our effort would be first to take action against whole-time directors and employees who were involved in decision-making.

Could you elaborate on SEBI's new consent mechanism to settle disputes?

We have prescribed that certain violations are very serious and that we will not allow settling such cases through consent. We will not allow it in cases of insider trading and in cases of front-running in mutual funds. We have allowed only certain smaller offences which can be settled through our consent mechanism. The amount is not important here. It is conceptually or philosophically the severity of the crime which is important. Our consent mechanism says if there have been market manipulations or unfair trade practices and such a material violation affects retail investors, then we will not settle through consent.

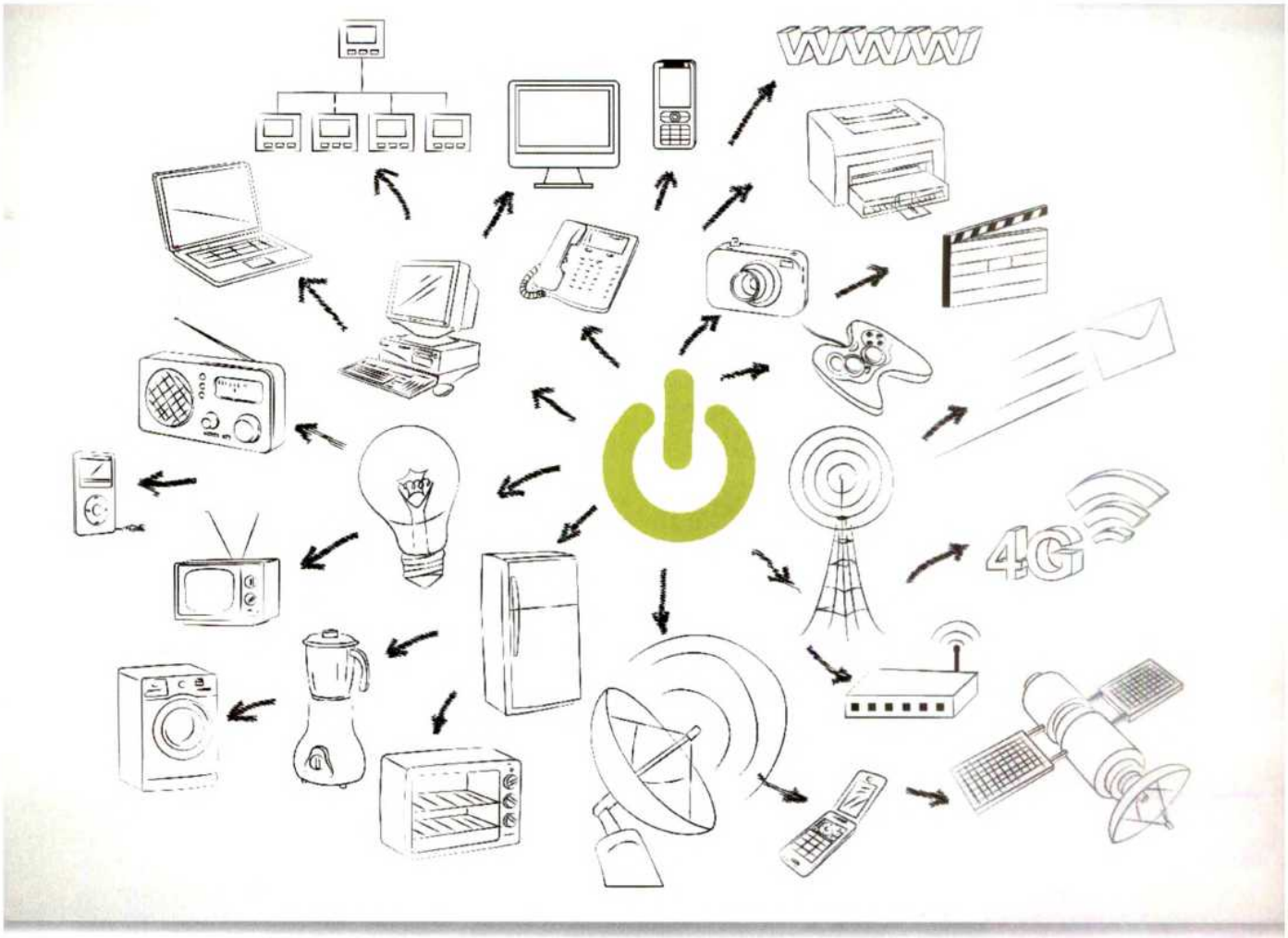
Do you think there should be multiple stock exchanges in the country or only two-three large ones?

SEBI has no view on the number of stock exchanges. It will be a factor of several things such as the functioning of stock exchanges, securities traded, interest of general public in trading, products allowed, etc. Our view is that whichever stock exchange is running, it should not be a matter of risk for the country. We have prescribed strict regulations such as minimum capital of ₹100 crore, clearing corporation fund of ₹300 crore and the daily average turnover of ₹1,000 crore.

Also, governance of stock exchanges is very important. So we have provided that 50 per cent of directors should be independent. There has to be a remuneration committee and an audit committee. We have also said that a certain amount of profit of the exchange should go to the clearing corporation because the settlement takes place there. If exchanges are willing and capable of meeting these requirements, they are all welcome.

There were some allegations of irregularities by some exchanges, such as the United Stock Exchange, and SEBI cracking down on them. Please elaborate.

Your information is correct, but I do not want to talk about any individual stock exchange. We crack down very seriously wherever we find any stock exchange indulging in malpractices.



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SEBI has taken action against companies, such as the Sahara Group, which raised funds in violation of the law. Some of them have approached courts. How do you react?

There are companies which have either been defying the law or taking advantage of certain lacuna in three-four laws or three-four authorities. They have been able to raise thousands of crores from investors. We have recently taken a series of measures against many companies in West Bengal. We have banned them from raising money, asked for their books of accounts, and directed them to register under the regulations for collective investment schemes. Obviously, they are seeking legal remedies in their own possible ways. If people have been able to raise money in the past in violation of the law and if there is an order of the honourable Supreme Court, SEBI will implement that order. I don't want to name any company, but whatever be the volume or dimension, it is SEBI's duty to carry out the orders of the Supreme Court.

"We would like all companies to implement the corporate governance standards that stock exchanges have to follow"

Do you think enough is being done on composition of boards?

SEBI has a listing requirement for companies whereby some governance requirements are mandatory and some are voluntary. We are implementing and monitoring the mandatory requirements. The mandatory requirements are being met. But as an individual I'm concerned whether some of these compliances are only in letter or also in spirit. Take, for example, the appointment of independent directors. What sort of independent directors do we have? What sort of training we provide to them? I don't think we are very happy about the state of affairs. How do we improve it? We have been trying to educate people as well as companies that SEBI would insist on following the guidelines. But we thought the best way to do it is to put pressure on management and the promoters through institutional investors. Mutual funds, for example, must have a voting policy. Now, as compared with one or two years ago, we have seen that mutual funds are opposing resolutions. They are becoming active. We want them to be active because they are representing millions of investors in their funds.

Another encouraging development is the emergence of proxy advisory firms that examine the resolutions proposed by companies and advise investors. This is now picking up as a movement in the country. I am sure there will be pressure on companies with these two things put together. We would like all companies to implement corporate governance standards that stock exchanges have to follow. We do not want to do it in a disruptive manner. But we are trying to create awareness that it is good and it is in the interest of companies that they should also follow higher corporate governance standards.

What about executive compensation?

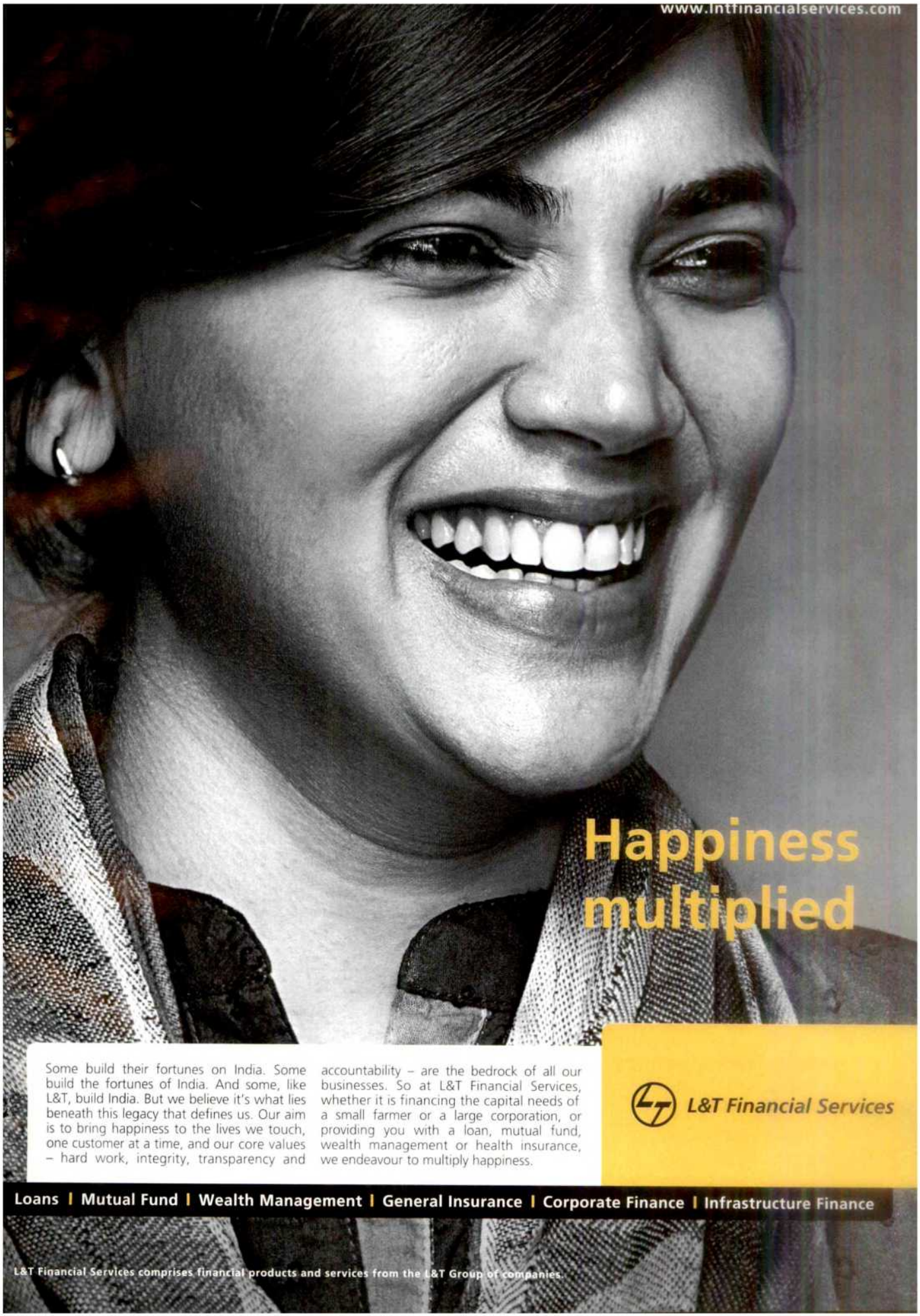
For stock exchanges, we have said that there should be a remuneration committee of the board to decide compensation. The committee should be headed by an independent director. We have said no to stock options, and that performance bonus cannot be more than 50 per cent of fixed pay. The bonus should be decided by the committee based on the long-term growth plan of the company. If the company starts performing badly, this bonus can be clawed back. My wish is that such a model is adopted by all companies. But I don't want to force it now. I want it to evolve over a period of time.

Why not implement it now for all companies? There is a need to hurry up some of these reform measures.

There is a need that all children are properly educated and have best nutritional standards. But can we do it? There is a time requirement. SEBI's job should not be to do something which is perceived to be impractical or disruptive. These are measures on which consensus has to emerge.

Given the current difficult market conditions, do you think companies will be able to meet the June 2013 deadline of 25 per cent minimum public shareholding?

That is their problem. Can you predict when the market will be good or bad? ◆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A New Benchmark

The *Business Today*-Nielsen Best B-schools survey gets sharper and much more comprehensive this year. We present a turbo-charged ranking of more than 200 of the country's top business education institutes. How and why we raised the bar, and what we found. By SHAMNI PANDE and ALOKESH BHATTACHARYYA

"You can't top pigs with pigs." That was Walt Disney's not-so-subtle dig at a proposed sequel to his celebrated *Three Little Pigs* cartoon film. The insight is used by authors Howard Smith and Peter Fingar, in *Business Process Management: The Third Wave*, to explain how success cannot be mindlessly repeated. "Stacking a thousand doghouses one atop the other to build a skyscraper is a great proposition for doghouse vendors, but not for future occupants. Skyscrapers need an architecture of their own – their own paradigm, not a sequel to the doghouse paradigm."

Creating a new architecture is a challenge faced not just by enterprises, but also by business schools or B-schools. The premise on which their teaching methods are built needs to change as businesses, too, change in keeping with the demand and economic dictates of the times.

And with them, *Business Today* also changes its approach to analysing and ranking the B-schools. The first B-school survey we published in 1998 combined the scores of a factual survey (data from B-schools) and a perception survey (opinions of key stakeholders).

HOW FACTUAL AND PERCEPTUAL SURVEYS DIFFER

PERCEPTION SURVEY

A survey agency asks respondents which institute they "perceive" to be the best, across different parameters. These perceptions are converted into scores, and added to get the overall scores for each institute, which are then used to rank them

FACTUAL SURVEY

A questionnaire is sent to institutes seeking data on faculty, facilities, placements, salaries, fees, and many other parameters. Scores are awarded based on the data. These are then added to get an overall score for each school and to thus arrive at a ranking

WHAT *BT* HAS DONE

Both kinds of surveys have their own shortcomings. But by combining their results, these are largely overcome. We conducted a factual survey of B-schools, followed by a perceptual survey. The scores of both were added to get the overall ranking

BACK TO CLASS 64pg

TOP 10 B-SCHOOLS

RANK 2012	RANK 2011	INSTITUTE	TOTAL SCORE	FACTUAL SCORE	PERCEPTUAL SCORE
1	3	Indian Institute of Management, Ahmedabad (IIM-A)	1,701.9	824	878
2	2	Indian Institute of Management, Calcutta (IIM-C)	1,677.1	827	850
3	10	Faculty of Management Studies, Delhi (FMS-Delhi)	1,676.6	862	815
4	10	XLRI School of Business and Human Resources, Jamshedpur	1,664.3	844	820
5	1	Indian Institute of Management, Bangalore (IIM-B)	1,606.6	743	864
6	4	Indian Institute of Management, Indore (IIM-I)	1,605.9	777	829
7	16	Narsee Monjee Institute of Management Studies (NMIMS)	1,586.1	772	814
8	27	Management Development Institute (MDI), Gurgaon	1,566.8	730	837
9	6	Indian Institute of Management, Kozhikode (IIM-K)	1,561.7	732	830
10	15	S.P. Jain Institute of Management and Research, Mumbai	1,554.0	779	775

Though last year's ranks have been provided, they are, strictly speaking, not comparable with this year's, as this year's methodology is different

Source: BT-Nielsen India's Best B-schools Survey 2012

THE "BASE" AND THE "WEIGHTS"

Less-known B-schools getting high scores from a few respondents can cause mayhem in the rankings. How we addressed this issue

It could be argued that if a B-school is little known, it is not its fault. We see it differently. It is not enough to be good, an institute should also be known to be good, particularly by students and recruiters, not just in and around the spot where it is located, but well beyond. Only then is it a national brand.

Again, it may seem that if few people know about a B-school, its perception score would be low. But what if the few people who do know about a school rate it genuinely high? Such scores skew survey results. This sometimes results in little-known or low-calibre B-schools shooting up the rankings. When a school is widely known and ideally rated by many, opinions are likely to differ widely and their perception scores tend to gravitate towards a mean. "Awareness" is an intangible and difficult factor to handle, especially in a perception survey of more than 200 B-schools. To address this problem and create a level-playing field, we introduced an "awareness deflator" in the perception survey.

This is how it worked: the 205 B-schools were divided into ten "panels". Each panel with an average of 20 B-schools had 120 respondents, which we call the "base", all of whom naturally rated the schools they were aware of. B-schools rated by 40 or more respondents (one third of the sample) were assigned a weight of 1, so their perception scores were multiplied by 1. B-schools rated by 30 to 39 respondents were given a weight of 0.9, so their perception scores were multiplied by 0.9, deflating their total score by a small margin. For 20 to 29 respondents, the weight was 0.8; and for B-schools that were rated by fewer than 20 respondents, the weight was 0.7. This innovative approach helped us address the awareness issue.

From 2003 to 2011, however, we carried out purely a perception survey, to bring to discerning readers a list of schools that are perceived to be the best and, thus, aspirational for the potential B-school student.

This year, again, we have ruthlessly questioned and overhauled our rankings process. We have gone back to a combination of a factual and a perception survey, but on a much bigger scale – many more schools, and many more parameters of measurement.

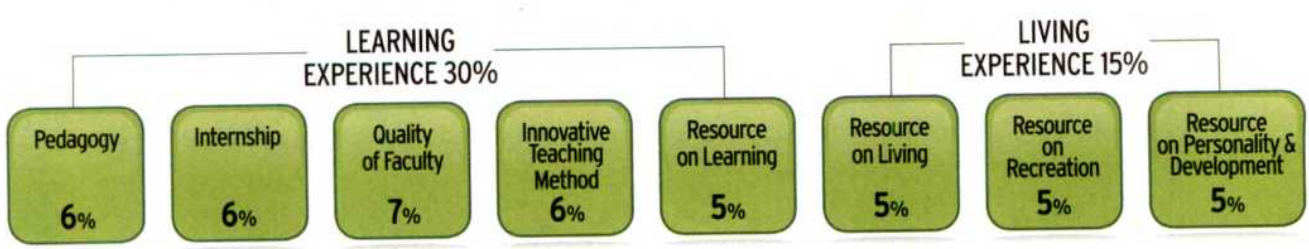
This year, dear students, aspirants, parents, recruiters, campus directors, teachers, you will be compelled to scratch beneath the surface. Even as you run your eyes over the *BT*-Nielsen Best B-schools rankings and the reports in this package, do also visit our website for much, much more data on all the 205 B-schools ranked this year. (Turn to Page 126 for the rankings.)

The big question, of course, is: why did we need a new approach when we already had a proven, successful methodology?

Why We Changed

First, some history. In 1998, when we did our first B-school survey, there were a mere 422 B-schools approved by higher and technical education regulator, All India Council for

TWO SURVEYS, ONE RANKING: HOW WE DID IT



VARYING WEIGHTS

In the perception survey, each group was also assigned a different weightage while finalising scores

Figures in per cent

Technical Education (AICTE). However, even that seemed too many then. "We are very concerned about the state of management education in the country today. Many are in it only for the money," was a statement made by D.N. Khurana, the then director general of All India Management Association. Today, the picture is downright bizarre. There are around 4,000 B-Schools across the country approved by AICTE.

And so, in August last year, when *Business Today* and Nielsen sat down to brainstorm on the 2012 edition of the Best B-schools survey – yes, it has taken more than a year of effort to bring out what you are holding in your hands – it became clear to us that with the changing times, our approach had to change too.

For the past few years, *Business Today* has been ranking the top 30 to 50 institutes, which we realised was not enough. There were many more schools around with proven calibre that would get left out. As the market leader, it was *Business Today's* responsibility to take the lead in adapting to the change happening around us and, indeed, in shaping things for the future. We needed to develop a methodology the country needed – indeed, deserved – that would take many more B-schools into account, while also ensuring all facets were covered.

What We Changed

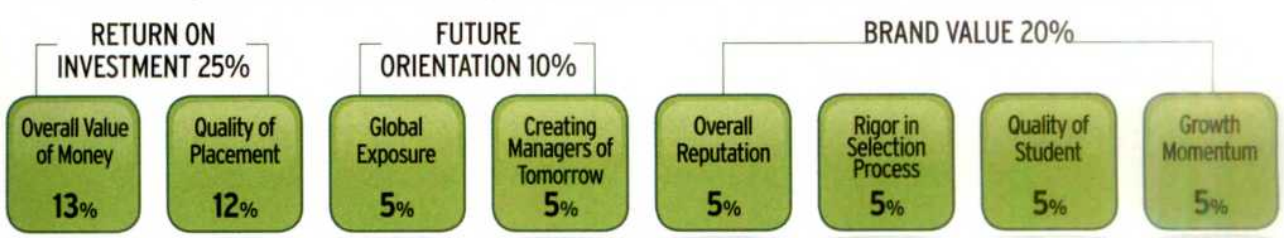
Both factual and perception surveys – by themselves – have their positives and their flaws. A factual survey brings in ground-level, granular data that only B-schools themselves can provide. Unfortunately, that strength is also its flaw. An institute may have excellent teaching infrastructure, but that does not necessarily guarantee success. Opinions of the outside world matter and positioning is key.

A perception survey brings in these opinions – of recruiters, students, teachers, and others. But it does not take into account on-ground data – facilities, course fees, placements, research papers, internships, among other factors. So, a genuine and drastic improvement in a mid-rung school's performance, or the entry of a high-quality new school, is often not captured here, because perceptions take time to change.

In an ideal situation, a combination of a factual survey and a perception survey should do the trick, especially if the parameters are carefully chosen and assigned weights.

Led by Soumya Mohanty and Priya Panwar, Nielsen's team carried out two surveys starting February 2011 – a factual survey first, followed by a perception survey. The questionnaires of both the surveys were based on identical parameters. We decided to measure Learning Experience (with a weightage of 30 per cent), Living Experience (15 per cent), Return on Investment (25 per cent), Brand Value (20 per cent), and Future Orientation (10 per cent). Each of these primary parameters, or what we call "domains", have multiple sub-parameters, or sub-domains (see *Two Surveys, One Ranking: How We Did It* for details), which also have weightages.

From 2003 to 2011, *Business Today* carried out a perception survey to rank B-schools. This year, we did two surveys: factual and perception, and combined their results. Both surveys had similar parameters and sub-parameters (see below). The factual questionnaire was sent to 1,832 institutes, of which 205 sent in data. Then, a perception survey of these 205 schools was carried out among teachers, students, recruiters and young executives. The perception scores were then adjusted for awareness (see *The Base and the Weights*). The factual scores and adjusted perception scores were added in equal weightage to get the final score.



For the factual survey, questionnaires were sent to 1,832 B-schools, accredited and non-accredited, across the country – reaching out to 45 per cent of all B-schools in India. In all, 205 institutes responded with data and supporting documents. For the perception survey of these institutes, a separate questionnaire was administered to a group of 1,200 stakeholders, including teachers, students, young executives and recruiters. To avoid any regional bias creeping in, the respondents were chosen from 13 cities across the country. Their responses were scored according to assigned weightages. (See *Varying Weights*, Page 51.)

Top dog IIM-Ahmedabad remains the No. 1 B-school brand; it also tops in quality of companies visiting its campus, quality of placements, and global exposure

Before we combined the factual and perception scores, we had to address the problem of how to factor in low awareness in the scores of the not-so-well known colleges. For this, we introduced the awareness deflator, wherein the perception scores of colleges that are rated by just a few respondents get adjusted by an assigned weight. This is done to ensure that colleges that few people recognise but give high scores to do not get an undeserved high ranking (see *The Base and the Weights* Page 50).

Finally, the factual survey scores were added to the "awareness-adjusted" perception scores in 50:50 weightage, to get the overall scores for ranking purposes. This year, we also bring to you a ranking of emerging B-schools (see *Ethics Make the Difference*, Page 58).

The downside to this new approach, of course, is that the ranks are not strictly comparable with those of last year. Another important point to note is that only those B-schools that participated in the survey were ranked. A few high profile B-schools opted not to participate, and so could not be ranked. One glaring example was IIM Lucknow.

If we had done only a factual survey, IIM-A would have ranked No. 5. **FMS, Delhi, would have been India's top B-school, especially because of its low fees.** But on pure perception, IIM-A is No. 1

Inexpensive, yet top quality: FMS, Delhi

What We Found

The overhaul of the methodology revealed several facets that are of immense value to all those involved and interested in business education.

First, the insights provided by the awareness deflator. While this tool did manage to level the scores of lesser known institutes, it also hit hard some good B-schools that were not known to too many respondents.

RANKINGS THROUGH THE YEARS

1998

1	IIM Ahmedabad	6	FMS Delhi
2	IIM Bangalore	7	JBIMS Mumbai
3	IIM Calcutta	8	MDI Gurgaon
4	XLRI Jamshedpur	9	SPJIMR Mumbai
5	IIM Lucknow	10	NMIMS Mumbai

May 7, 1998

2000

1	IIM Bangalore	6	XLRI Jamshedpur
2	IIM Ahmedabad	7	MDI Gurgaon
3	IIM Calcutta	8	IIM Indore
4	IIM Lucknow	9	SPJIMR Mumbai
5	IRM Anand	10	IIFT Delhi

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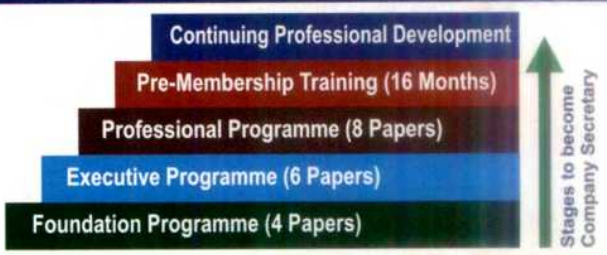

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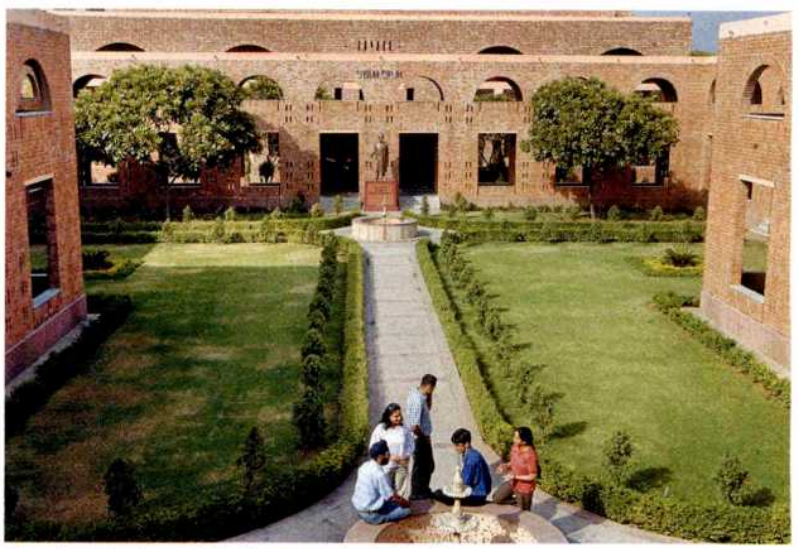
In the perception survey, people from the industry, namely recruiters and young executives, did not rank IIM-A as the best; **recruiters preferred IIM Bangalore, and young executives, MDI Gurgaon.** IIM-A was perceived as best by current students and faculty

Two of them worth naming are Chennai's Great Lakes Institute of Management and KJ Somaiya Institute of Management Studies and Research, Mumbai. Great Lakes, a respected B-school, was rated only by 28 of 120 respondents, pulling its perception score down, and resulting in its rank falling to 108. By factual ranking alone, it was at No. 37.

KJ Somaiya, a high-grade institute started in 1981 ranked a very impressive No. 3 in our factual survey, but with only 37 respondents rating it in the perception survey, its overall rank plummeted to No. 40.

Unfair? Possibly, but both Great Lakes and KJ Somaiya have some thinking to do on increasing awareness among stakeholders.

And who benefited from the awareness deflator? Top of the list is MDI, Gurgaon, which ranked No. 27 in the factual survey, but with 44 respondents rating it in the perception survey, it just about escaped being 'deflated'. Subsequently, a high score and a fourth rank in the perception survey saw MDI end at No. 8 in the overall ranking. It is also interesting that young executives ranked MDI at the top in the perception survey.



Nearing the top: MDI, Gurgaon is at No. 8

What is crucial is that despite the inevitable vicissitudes of having been in existence for over five decades, IIM Ahmedabad has emerged as India's No. 1 B-school. Importantly, though, IIM-A did not top the factual survey, where it was ranked fifth. But its top score in the perception survey helped it make up the difference and regain the overall top slot from last year's winner, IIM Bangalore, which ended up fifth.

IIM Bangalore's predicament is partly because its factual score – and rank – took a big hit when it refused to submit placement data. It lost marks and its factual rank fell to 19. Despite ranking second in the perception survey, IIM-B finished fifth. Happily for IIM-B, recruiters and functional heads have ranked it tops both this year and last year. It is a trend IIM-A will do well to note.

The factual survey saw Faculty

RANKINGS THROUGH THE YEARS

August 4, 2002

2002			
1	IIM Bangalore	6	MDI Gurgaon
2	IIM Calcutta	7	IIM Indore
3	IIM Lucknow	8	SJMSM IIT Mumbai
4	NITIE Mumbai	9	SPJIMR Mumbai
5	IIM Kozhikode	10	IIFT Delhi

2003			
1	IIM Ahmedabad	6	FMS Delhi
2	IIM Bangalore	7	IIM Lucknow
3	IIM Calcutta	8	JBIMS Mumbai
4	XLRI Jamshedpur	9	IIM Indore
5	Symbiosis Pune	10	ICFAI Hyderabad

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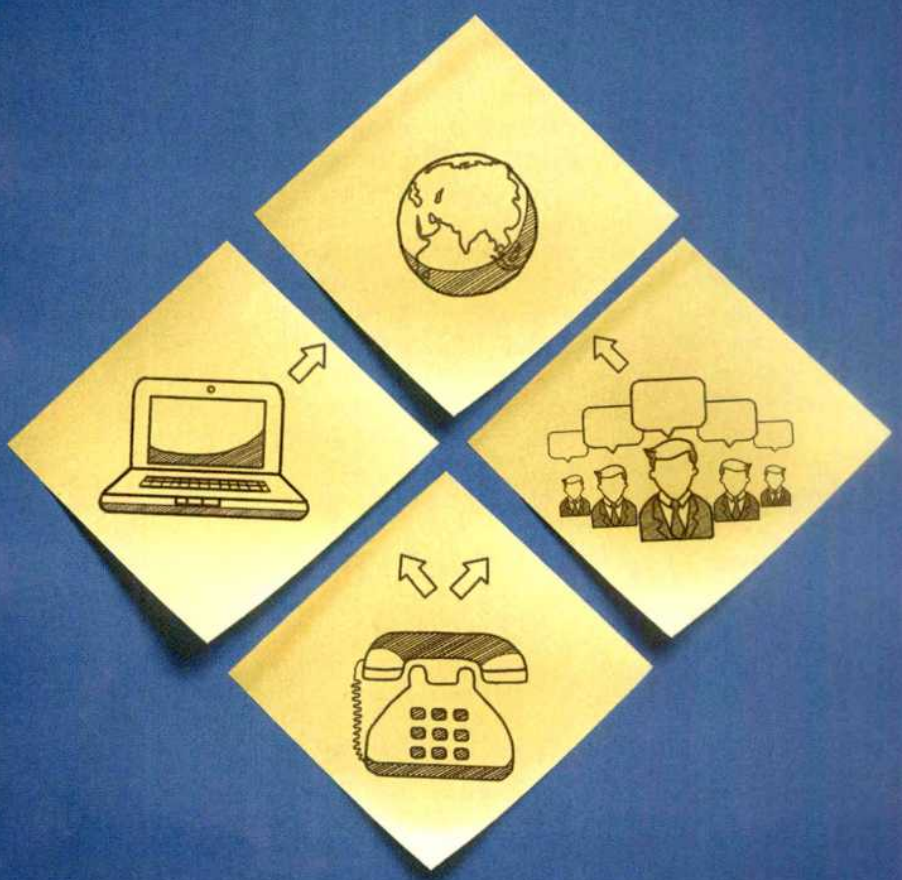

SCAN QR CODE TO MAKE IT EASY

Much sought after: NMIMS, Mumbai is at No. 7

Mumbai's Narsee Monjee Institute of Management Studies **offers the best learning experience;** IIM Bangalore has the best living experience

of Management Studies, Delhi (FMS-Delhi), emerging on top, with DMS-IIT Roorkee, at second spot. One reason is the 25 per cent weightage given to return on investment in our ranking methodology. FMS charges less than ₹11,000 annually for its course, compared to an average of ₹14-15 lakh by the top IIMs. But FMS's students get salaries comparable to IIM students, pushing its ranking up significantly.

Campuses and students now need to go through our data and soul-search on what they should do to get better. For example, IIM-A ranks high on brand value and future orientation, but it is not the best on learning experience, where Mumbai's Narsee Monjee Institute of Management Studies reigns at the top followed by XLRI, Jamshedpur. Living experience is far superior at IIM-B followed by Shailesh J. Mehta School of Management (IIT Bombay).

B-schools Unravelled

Beyond the rankings, B-schools, including the very best ones, are struggling with a host of issues. In our first B-school survey in 1998, Mahendra Swaroop, then executive director of PepsiCo India, had said: "Students with merely excellent academic track records make only excellent management trainees... IIM-A is producing managers today whereas it needs to produce leaders for tomorrow."

Even today, industry stalwarts feel IIM-A could do much better. "IIM-A should focus on research in innovation and transformation," says K.V. Kamath, Non-executive Chairman, ICICI Bank, and Chairman, Infosys, an alumnus of IIM-A's 1971 batch. "For example, the information and communications technology revolution has fundamentally changed the economy and society. The lessons and implications of this, and the opportunities it creates for the future, should be a key area of research at IIM-A."

The proliferation of B-schools has also resulted in an overall deterioration in the quality of teaching and students. On the admissions front, applicants for Common Admission Test, or CAT – the premier examination for admission to B-schools – appear to have increased only marginally from 2.04 lakh in 2010 to 2.14 lakh this year. "The scenario shows a decline if you consider the last six

RANKINGS THROUGH THE YEARS

October 10, 2004

2004		2005	
1 IIM Ahmedabad	6 FMS Delhi	1 IIM Ahmedabad	6 IIM Lucknow
2 IIM Bangalore	7 IIM-Lucknow	2 IIM Bangalore	7 IIFT Delhi
3 IIM Calcutta	8 JBIMS Mumbai	3 FMS Delhi	8 Symbiosis Pune
4 XLRI Jamshedpur	9 IIM Indore	4 IIM Calcutta	9 JBIMS Mumbai
5 Symbiosis Pune	10 ICFAI Hyderabad	5 XLRI Jamshedpur	10 NMIMS Mumbai

Success Story of
All India Rank - 3 in IIT-JEE, 2012

Nishanth N Koushik

All India Rank - 3
in IIT-JEE, 2012

PINNACLE - Two Year
Integrated School Program
(class XI & XII)

Student of
FIITJEE Bhilai Centre

Besides, he has been awarded KVPY (Kishore Vaigyanik Protsahan Yojana) Fellowship, 2011.

He has also qualified Indian National Mathematical Olympiad, 2010 & 2011 and Indian National Chemistry Olympiad, 2012 for Orientation-Cum-Selection camp (OCSC)

I, Nishanth N Koushik, was a student of FIITJEE for two years in their integrated PINNACLE program. I joined after class 10 by entering the FTRE and got a 100% fee waiver through a good result. My word of advice to any young interested IITJEE aspirants is to look for a good coaching institute very carefully. You may be very intelligent and have targets set for yourself, but for a specialized exam like IIT-JEE, one needs good mentoring which is what I found exactly at FIITJEE. My teachers always gave importance to examples and stressed fundamental concepts instead of just fast tips and tricks. IIT, too, has recently started to focus underlying concepts instead of lengthy problems. The integrated classroom program is very useful in saving time, which is key to any students preparation. I want to add that lots of young students are afraid of the competitive exams out of fear of getting a bad rank. I would like to stress that it is very essential in any student's preparation.
I always found good competition at FIITJEE which spurred me to study even more. Someone must come first but those falling behind should not feel sad. One should analyze mistakes in detail to find out weaknesses. That is how you can gain confidence. Select a coaching institute very carefully, and go for one with clear transparent results.

Thank You FIITJEE.

Nishanth N Koushik

years; there were up to 2.7 lakh CAT applicants in 2007," says Ulhas Vairagkar, Director, T.I.M.E Institute, an MBA-preparation school.

Placements have got tougher and tougher. Even the better B-schools are seen struggling to place all students. "Either students do not like the offers made as they have their own ambitions and notions of what job profiles they should get, given the investment made, or they just do not make the cut," says a top B-school insider.

Urban legends keep the notion of the charmed '₹1-crore-bracket', as starting annual salary, alive, which only feeds the high expectations of students. "Recruitment reports are highly inaccurate and this is why we are working to strengthen the Indian Placement Reporting Standards with at least 27 institutes to come out with audited results," says Prof. Saral Mukherjee, former Chairperson, Placement Committee, IIM-A.

Mumbai has the highest presence in the Top 50, with nine schools. Delhi follows with six, but if the National Capital Region is considered, its tally rises to 10. Bangalore has five in the Top 50

In a bid to push quality education, IIMs have come up in new locations such as Udaipur, Kashipur and Raipur, among others, taking the number up to 13. But both industry and colleges routinely complain about the challenges in attracting good faculty and recruiters in these far-flung locations. "For us, the biggest problem in attracting faculty, is our location," says Samir Barua, Director, IIM-A. He rues the fact that Ahmedabad, even today, does not offer enough career opportunities. "Many whom I interview say everything is good, except the lack of opportunities for their spouse and turn down our offer." Still, the disadvantages of operating in small towns are being lately overcome by using technology and web tools as we report in *Far from the Madding Crowd*. Pg 112.)

Management education in IITs is right up there with the best. **All the four IITs that participated in the survey were ranked within the Top 30,** with IIT Roorkee leading the charge at #12

Engineering management:IIT, Roorkee

Time to Learn

B-Schools are just not waking up to the lack of diversity on their campuses, be it the paucity of women, the nature of the curriculum or even of teaching methods. But more painfully, woeful lack of research has plagued our education system as a whole, and B-schools are no different. Kamath's observation on IIM-A's research needs is equally applicable to other leading B-schools. The good news is that some institutes such as

RANKINGS THROUGH THE YEARS

2006		2007	
1 IIM Ahmedabad	6 XLRI Jamshedpur	1 IIM Ahmedabad	6 IIM Indore
2 IIM Bangalore	7 JBIMS Mumbai	2 IIM Bangalore	7 JBIMS Mumbai
3 IIM Calcutta	8 IIM Indore	3 IIM Calcutta	8 XLRI Jamshedpur
4 Symbiosis Pune	9 FMS Delhi	4 Symbiosis Pune	9 ICFAI Hyderabad
5 IIM Lucknow	10 IIFT Delhi	5 IIM Lucknow	10 NMIMS Mumbai

July 16, 2006

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ETHICS MAKE THE DIFFERENCE

A perception survey which asked questions on credentials of promoters, quality of faculty and growth potential unearthed five little-known gems. Top of the list was Loyola Institute of Business Administration, Chennai

TOP 5 EMERGING B-SCHOOLS

INSTITUTE	SCORE
Loyola Institute Of Business Administration, Chennai	720
Wigan & Leigh College, New Delhi	637
D.Y. Patil Institute of Management, Navi Mumbai	633
K.C. College of Management Studies, Mumbai	598
Indian Institute of Management, Ranchi	596

The convocations at Loyola Institute of Business Administration (LIBA), Chennai, have a feature rarely seen elsewhere – all those graduating take an oath to follow high ethical standards in their professional lives. The inspiration came from Harvard Business School which started the management equivalent of the Hippocratic oath after the 2008 financial crisis. "At LIBA we strive to give value education, and ethics forms a critical element in it," says Father Peter Xavier, its Director. The B-school inculcates ethics in other ways too – it is taught as a core subject through case studies, and every year, a business ethics conference called Beacon is held on the campus where industry experts participate.

LIBA emerged tops in our 'Emerging B-schools' survey, even while it ranked No. 27 in the main survey. "We build management excellence among students through our multi-disciplinary approach," says Susan Thomas, Associate Professor HR and Chairperson for Placements and Public Relations. "All are tested on the multi-disciplinary approach to solving problems."

Most LIBA students opt for dual specialisation. It is this combination of ethics and multi-disciplinary education that make LIBA stand out, says Xavier. The school has had 100 per cent placements ever since it began its full time management programme in 1995. It admits just 120 students a year for the full time programme and has a faculty strength of 21. "We have another USP. LIBA offers one of the lowest cost quality management education programmes in the country. Our two year course costs just ₹6 lakh," says Thomas.

N. MADHAVAN

Indian School of Business, Hyderabad, and IIM Calcutta are taking steps towards changing this. (See *Paper Lambs*, Page 90.)

India has been slow in attracting variety in its faculty as well. Rare is a Tarun Pasricha who has opted to teach after 25 years of corporate life, taking up full-time teaching at Goa Institute of Management. "I am trying to bring my own experience of what it was I wanted from management trainees into my teaching and equip my students with knowledge they can use. I train them accordingly," he says. An IIM-B graduate, who spent a career in consumer goods companies such as ITC, Pepsico India and last headed Boots Healthcare International as Managing Director of its Indian joint venture, Pasricha thinks his is the kind of profile that B-school faculty should have, rather than the PhDs which many schools insist upon.

There are four schools from West India, the highest, in the Top 10. The other three regions have two each

However, a few educators from overseas are slowly beginning to trickle into India. (See *Academic Research is Rare in India*, Page 94). Again, emboldened by the strength

RANKINGS THROUGH THE YEARS

2008		2009	
1 IIM Ahmedabad	6 XLRI Jamshedpur	1 IIM Ahmedabad	6 IIM-Lucknow
2 IIM Bangalore	7 JBIMS Mumbai	2 IIM Bangalore	7 XLRI Jamshedpur
3 IIM Calcutta	8 IIM Indore	3 IIM Calcutta	8 ICFAI Hyderabad
4 Symbiosis Pune	9 FMS Delhi	4 Symbiosis Pune	9 ABS Noida
5 IIM Lucknow	10 ICFAI Hyderabad	5 JBIMS Mumbai	10 LIBA Chennai

July 13, 2008

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Sudina Tandukar , *School of Business*

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There are five IIMs in the Top 10, compared to seven last year. **IIM Lucknow did not participate,** while IIM Shillong has dropped to No. 47

of their brands, some B-schools are actually tasting qualified success with campuses they have set up abroad. (See *Teachers Without Borders* Page 107.)

As for curriculum and development programmes, the B-Schools are beginning to push the envelope. Latha Narasimhamurthy, 34, a Bangalore City Corporation member, has just completed a 10-week programme in 'India-Women in Leadership' (i-WIL) at IIM-B. She paid ₹4.75 lakh for it, which included study tours to Delhi and Singapore. "We were taught the essence of everything from managing elections to politics to economics and policymaking," says the first time corporator who wished the course were longer.

The programme is aimed at women in politics, social activists, and others who have a keen interest in politics. "We had 20 women from seven political parties, including Congress, BJP, NCP, etc," says Prof. M.V. Rajeev Gowda, Chairperson, Centre for Public Policy, IIM-B, who designed the programme in collaboration with Centre for Social Research, Delhi. He says he has been encouraged by the response, and extends scholarships to those who cannot afford the full fee. "We hope to do the next round in January," says Gowda.

No show: IIM Lucknow chose not to participate this year

There are bigger things happening, too, beyond dark suits and six-figure salaries. Business, after all, is also for those who run small initiatives that sustain their lives on a daily basis. Here Mann Deshi Udyogini leads the way, involving marginalised women (see *Of Milk and Honey* on Page 118).

Overall, the 2012 edition of the *BT*-Nielsen Best B-schools survey has striven to set new standards for ranking business schools and spotting what is happening, and what is changing, on the ground. The survey itself was a ground-breaking exercise. The results were subject to intense scrutiny by both *Business Today* and Nielsen, and there were multiple iterations to ensure we got everything right. We caught and rectified many small errors, and we hope you, the reader, will be happy with the outcome. More importantly, we want feedback from you on how to improve our methodology for next year. ◆

Send your comments to editor.bt@intoday.com

RANKINGS THROUGH THE YEARS

2010

1 IIM Ahmedabad	6 XLRI Jamshedpur
2 IIM Bangalore	7 ISB Hyderabad
3 IIM Calcutta	8 IIM Indore
4 FMS Delhi	9 LIBA Chennai
5 IIM Lucknow	10 ICFAI Hyderabad

October 3, 2010

2011

1 IIM Bangalore	6 IIM Kozhikode
2 IIM Calcutta	7 IIFT Delhi
3 IIM Ahmedabad	8 ISB hyderabad
4 IIM Indore	9 IIM Shillong
5 IIM Lucknow	10 FMS Delhi
	10 XLRI Jamshedpur

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Subir Gokarn
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Banco de México

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Coping with Global Economic Volatility and a New Regulatory Landscape
Gauging the Potential of Emerging Markets
Social Banking and Finance - Opportunities in Inclusion

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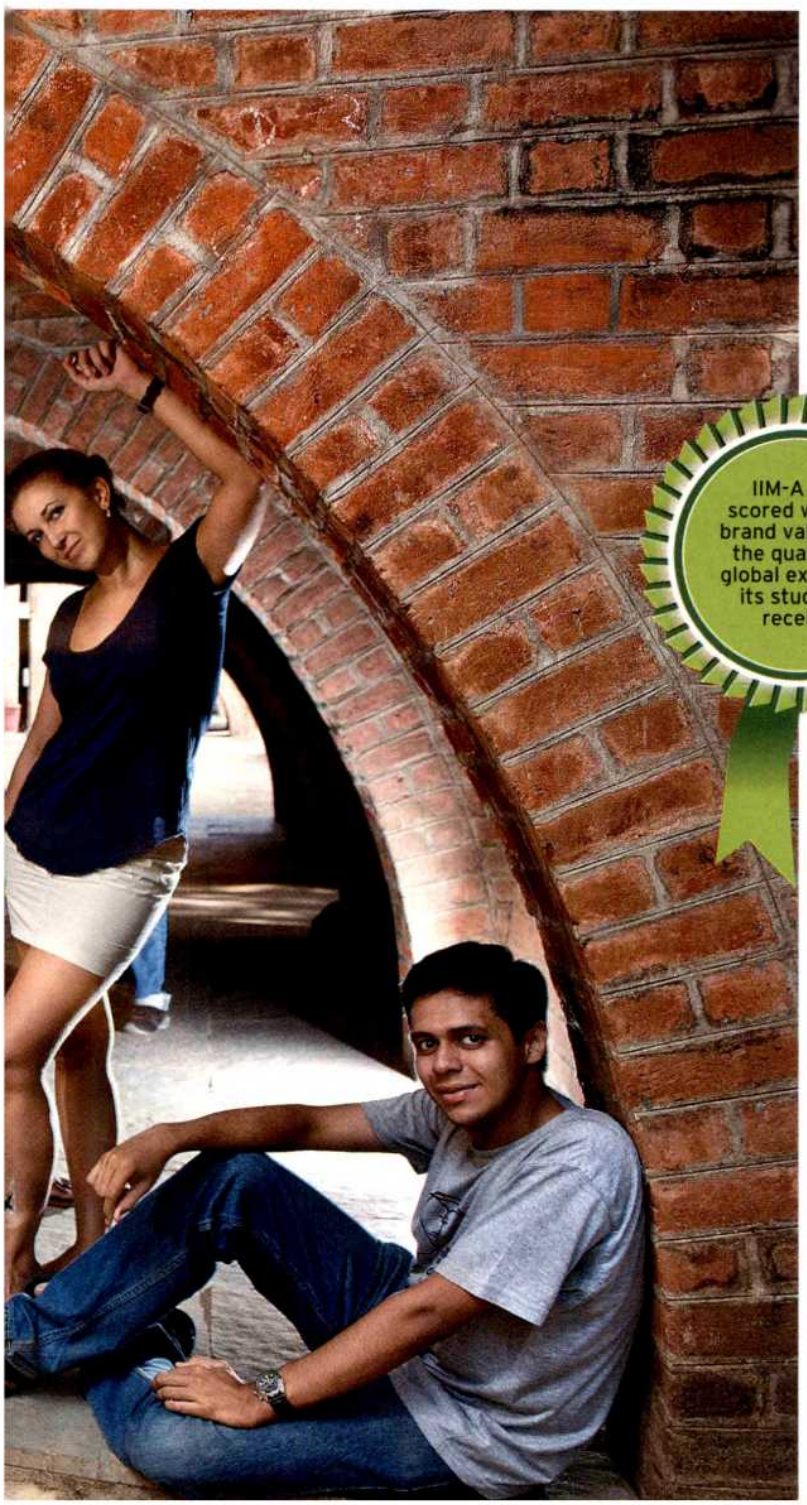
Back To Class

After a year's hiatus, IIM-A is once again India's best business school.

By SHAMNI PANDE

BANG FOR THE BUCK P72



It takes a lot to get to the top, and it takes a lot more to stay there for eight consecutive years. Indian Institute of Management, Ahmedabad (IIM-A), did just that, monopolising the No.1 spot in the *BT* Best B-schools survey from 2003 to 2010. However, in 2011, its golden jubilee year, the country's oldest business school slipped to the third spot, coming in behind its namesakes from Bangalore and Kolkata. The fall from its perch was stunning, but it appears to have been an aberration – IIM-A has roared back to the top in the 2012 survey (see *Overall Order of Merit* on page 126).

The institute scored well on brand value and in equipping students with the skills to become ethical business leaders. It also did well on the quality of global exposure: student exchange programmes, lectures by global business leaders and participation in global forums. Where it fell short was on the living experience, return on investment and, in what should be a big cause for worry, the learning experience.

IIM-A has scored well on brand value and the quality of global exposure its students receive

"IIM-A was founded with the objective of 'professionalising Indian management.' I believe, it has largely achieved that goal, not only through its own graduates, executive development, research and publications but also through other institutes being set up inspired by the success of the IIMs," says Sanjeev Bikhchandani, founder of Naukri.com and a 1989 batch alumnus.

The IIM-A MBA comes at a price – the total cost of the two-year residential programme amounts to ₹15.5 lakh. But the brand, prestige and learning that comes with an MBA from India's oldest business school counts for a lot. "The post-graduate programme is a unique and distinctive experience," says Roopa Kudva, MD and CEO of Crisil and a 1986 batch alumnus.

In 2012, the highest compensation offered to an IIM-A student was ₹39.81

VIVAN MEHRA/www.indiatodayimages.com

NISHIKANT GAMRE

"The government has never been a deterrent to ambition, but salaries are governed by it. We need to look into this"

A.M. NAIK,
Executive Chairman, L&T
and Chairman, Board of Governors, IIM-A

lakh while the average of the batch was ₹16.44 lakh. Most students can hope to recoup their total investment on education within two years and ten months.

IIM-A has more than 9,000 alumni, many of whom are leaders in their chosen fields. Indeed, the institute's alumni list is an eclectic who's who. It includes the likes of Raghuram Rajan, the finance ministry's Chief Economic Advisor, sports commentator Harsha Bhogle, late management guru C.K. Prahalad, danseuse Mallika Sarabhai, Tata Motors India Operations Managing Director P.M. Telang, and ICICI Non-Executive Chairman K.V. Kamath (see *In Their 'A' Days* on page 122). "It is a matter of pride for any alumnus to see the way IIM-A has impacted not just the business community, but a much wider canvas," says Kudva. In 2011, nearly 300 alumni members turned up for the institute's golden jubilee celebrations. In all, they committed to contribute ₹38 crore to the institute over four years.

UMESH GOSWAMI

After a five-year stint, Samir Barua, the institute's Director, is set to pass on the baton. The search is on for his successor. During his term, Barua managed to charter the agenda for achieving international benchmarking for the B-school. "I set myself the task of getting IIM-A acknowledged in global rankings and we have also acquired EQUIS accreditation," he says. EQUIS is a global benchmark of excellence for B-schools and IIM-A is the first Indian institute to receive it. The certification is given after vetting the academic quality, learning environment, innovation, research and other activities of an institute, including its interaction with the corporate world. London Business School and INSEAD (France, Middle East and Singapore) are among the global B-schools with EQUIS accreditation.

"We have brought in a performance measurement system for faculty research"

SAMIR BARUA
Director, IIM-Ahmedabad

While the *BT* survey suggests that its star has dimmed somewhat among recruiters, they still flock to Ahmedabad during the hiring season. "There is no doubt about the excellent talent that comes out of the top B-schools, particularly IIM-A," says V.A. Rangarajan, head of recruitment (India & South Asia), IBM.

But brand value alone is not enough in this day and age. Many of the top executives and IIM-A alumni members BT spoke to felt the institute focuses too much on teaching and is not doing enough in other areas, particularly research. That, they feel, will hinder its ability to turn out students who will come up with path-breaking ideas and innovations.

"B-school education of the kind exemplified by IIM-A is rooted in the assumptions of an earlier era," says Santosh Desai, MD and CEO, Future Brands, and an IIM-A alumnus. "The traditional MBA programme was created for a time when managers were the most vital part of large,

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stable businesses operating in limited geographies." Desai, considered a branding and marketing expert, says that the focus today has shifted from management to creation, where volatility is the norm and culture is a key determinant of success or failure. "The operations research based approach followed by IIM-A needs to give way to a more complete one that incorporates areas like behavioural economics, anthropology and design thinking." The lack of dynamism, Desai believes, will hinder the institute from fostering entrepreneurs and leaders capable of creating businesses around ideas rather than around historical infrastructural advantages, as has been the case with traditional businesses.

That, among other reasons, could be the reason IIM-A is not very popular with young executives. For them, it is the third choice as a place of study in *BT*'s Best B-schools survey this year. Even recruiters seem to prefer IIM-B over IIM-A.

The faculty-student ratio for the institute's post graduate programme is healthy at 1:11. However, the plethora of programmes, including executive MBAs, has left faculty members with little time for research (see *Paper Lambs* on page 90). And, given that salaries are determined by the government, it is unable to attract top-quality talent. "The biggest complaint is that IIM-A, being part of the government system and Pay Commission framework, is not in a position to offer salaries that can attract quality faculty," says a past statement issued by the institute.

"Salary is an issue. The government has never been a deterrent to ambition, but salaries are governed by it. We need to look into this," says A.M. Naik, L&T's Executive Chairman and Chairman of the board of governors of IIM-A. He has been tasked with the job of hunting for Barua's successor. "We want IIM-A to maintain its leadership."

"IIM-A did not open my mind enough to new modes of thinking, and while it spoke of 'thinking outside the box', it spent all its energies in building the box instead"

SANTOSH DESAI
MD & CEO, Future Brands

But that will be a huge challenge with rival institute scaling up rapidly. Over the last decade, Indian School of Business, Hyderabad, has seen 4,400 alumni make their way into the corporate world. A second campus in Mohali, Punjab, built with corporate funding, is already operational. "We are constantly scouting the domestic and international market for talent and we are looking to invest in their development. We want to lead the agenda in faculty training and research," says ISB's aggressive Dean, Ajit Rangnekar, coincidentally an IIM-A alumnus himself.

"IIM-A needs to leverage its alumni network effectively and engage in more corporate interaction in existing and potential courses at IIM-A – this should be done with alumni from all over the world," says Kapil Kapoor, Chairman of Timex.

Phaneesh Murthy, CEO of iGate, concurs. "As an alumnus, one always likes to see the institute achieve global recognition. I strongly believe that the (global) corporate world has to know the quality of IIM-A rather than just corporate India," he says. Murthy also wants to see more expat students. Though the lead photograph of this story, and indeed the magazine, may indicate otherwise, most IIM-A students are Indians. "You learn a lot from fellow students. Recently, I was a guest faculty at Harvard and was fascinated by the varied perspectives of students from at least 25 countries."

Future Brands's Desai believes IIM-A needs a complete overhaul to prepare students for the real world. "The institute taught me nothing about marketing. If anything, it impeded a deep understanding of the subject by making it a sterile exercise in rudimentary logic," he says. "It did not open my mind enough to new modes of thinking, and while it spoke of 'thinking outside the box', it spent all its energies in building the box instead."

Barua has been working to address the various challenges before IIM-A. "Strengthening research has been a key focus area. For the first time, we have brought in a performance measurement system that seeks to make faculty accountable on this parameter. We are also seeking to incentivise them," he says.

It will be up to his successor to take that initiative forward, and to find ways to keep IIM-A at the top of India's B-school heap. ◆

Send your comments to editor.bt@intoday.com

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COME ONE, COME ALL P76

Bang for the Buck

NITIE's students recoup their investment in no time at all.

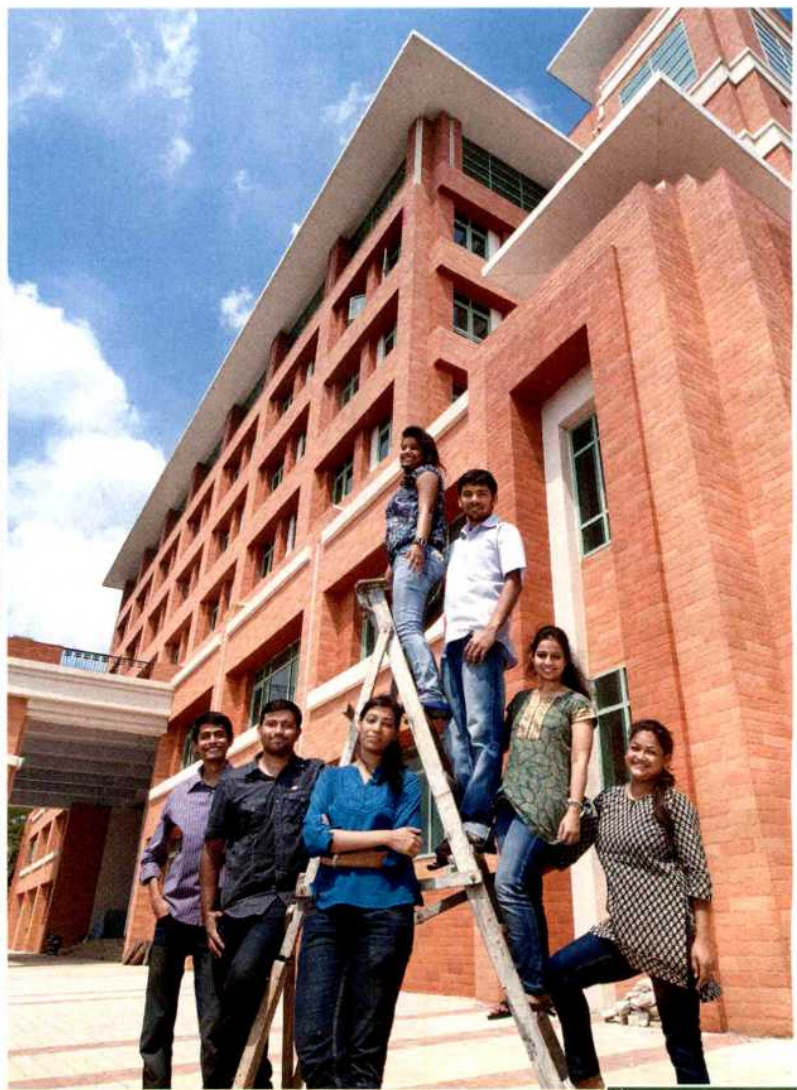
By GEETANJALI SHUKLA

Neha Singh, an engineering graduate from Lucknow, has a spring in her step. Currently a student at the National Institute of Industrial Engineering (NITIE), Mumbai, she has landed a dream job at Hindustan Unilever with an annual pay package of ₹19 lakh. When she graduates in 2013 and commences work, it will take Singh less than a year to recover the ₹6.5 lakh fee of her management course, if she is thrifty.

That return on investment (RoI) has made engineering students looking to pick up management skills flock to NITIE. However, admission is not easy. Only engineers with a first class, who are in the 98.5th percentile or above in the IIM common admission test, can hope to enrol in its post graduate courses.

"The RoI is far higher here. This is one of the reasons why many students opt for NITIE over even IIMs," says Ritika Mittal, who will complete her PG diploma in industrial management next year.

Despite being hiked 15 per cent



PHOTOGRAPHS BY NISHIKANT GAMRE/www.indiatodayimages.com

NITIE

COURSE : PG diploma
DURATION : 2 years
COURSE FEE*: ₹6.5 lakh
*Includes hostel expenses

STREAMS
Industrial Management, Industrial Safety and Environmental Management

ANNUAL INTAKE
465 engineering graduates

PLACEMENT SCORE:
100 per cent

MAJOR RECRUITERS:
HUL, ITC, Citibank, HDFC Bank, Wipro, Infosys, Tata Motors, P&G, Amazon, Cognizant

AVERAGE SALARY ₹13 lakh

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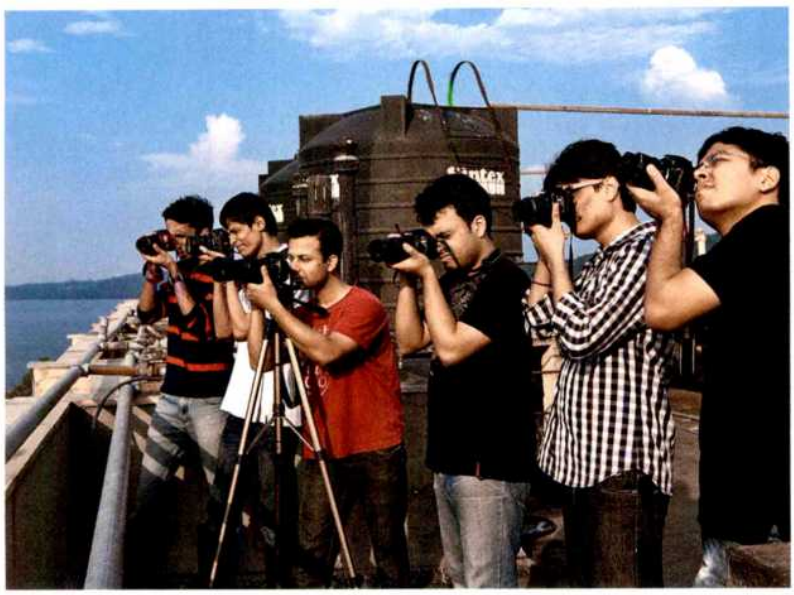


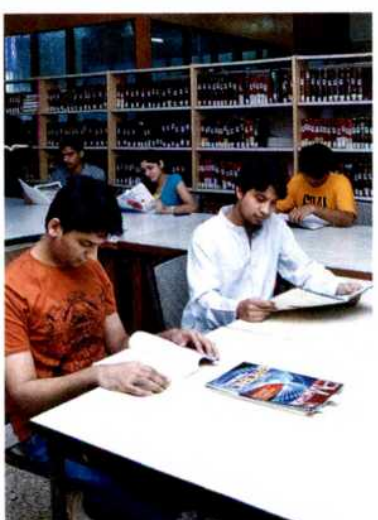
Broad Lens: Members of Smiles, NITIE's photography club, taking shots of Vihar Lake, one of the two lakes surrounding the campus

this year, the course fee is not steep. "At the IIMs, the fees are about ₹13 lakh. We pay about ₹6.5 lakh, which includes hostel expenses," says Mittal. And its placement record is strong. In 2012, NITIE recorded 100 per cent placement, with the average annual salary working out to ₹13 lakh. Amazon, Cognizant, HUL, ITC, Godrej, and Tata Motors were among the companies that came calling this year. All good reason for NITIE to rise to No. 15 in this year's B-school survey from 43 in 2011.

NITIE was set up in 1963, with the objective of fostering excellence in engineering and manufacturing. It is funded by the central government. Amitabha De, Director In-charge, says the institute hopes to increase its intake from 465 students to 686 by academic year 2014. It also wants to start two new management courses: Project Management and Visionary Leadership for Manufacturing.

The institute is known for its expertise in operations and supply chain management. For instance, the Post Graduate Diploma in Industrial Management delves deeper into these areas while also equipping students with marketing, finance and HR skills.

This combination has made FMCG companies among the biggest recruiters at NITIE. R.K. Sinha, COO, Global Supply Chain and IT, Godrej Consumer Products, says his company fills all its supply chain positions from the institute. Sinha, an NITIE alumnus who graduated in 1980, was himself recruited from NITIE by Godrej Soaps as a management trainee.



Big: Part of the 4,500-sq.ft. library

NITIE admits only engineering graduates with a first class, who figure in the 98.5th percentile or above in the CAT

The institute has separate placement processes for students with over 20 months' work experience and for freshers and those with work experience of less than 20 months.

Ganesh Natarajan, Vice Chairman and CEO of Zensar Technologies, graduated from NITIE in 1981. "It is the best management programme for engineers. It got me my dream job, at that time, in Crompton Greaves," he says. Natarajan is a member of NITIE's Board of Governors, which comprises eminent personalities from the government, industry and academia. Its Chairman is Gautam Thapar, Chairman and CEO of the Avantha Group.

The institute has a teacher-student ratio of 1:20. By the end of this year it hopes to have a faculty advancement fund of ₹50 lakh in place. It will be used by faculty to undertake training programmes and short-term courses. To encourage research among faculty, NITIE has also put together a seed fund of ₹25 lakh.

According to De, NITIE, with its background in manufacturing and industry, will have a larger role to play in the coming years. "There will be growing emphasis on manufacturing management as the government looks to increase the share of manufacturing in the gross domestic product from 12 to 25 per cent by 2025. NITIE will have a substantial role to play in this." ◆

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Come One, Come All

Christ University, Bangalore, provides inclusive, affordable and high-quality education, making it a sought-after institute. By GOUTAM DAS

A year ago, Kavya D. was looking to enrol in an MBA programme. The engineering graduate from Bangalore had narrowed her options down to two institutes. One was a renowned college in Hyderabad, which charged about ₹12 lakh for its two-year course. The other was Christ University, an autonomous institution in Bangalore that was less well-known but growing in reputation. Importantly, it charged only ₹5.6 lakh for the same course. "I looked at my potential return on investment," says Kavya, now a second-year MBA marketing student in Christ University. The average salary of students from the college was more than ₹6 lakh per annum. Even during hard times, placements were "100 per cent". Top performers, she soon discovered, could earn more. In 2011/12, networking equipment giant Cisco offered a salary of ₹11.5 lakh to a few marketing students. Software product company Tally offered ₹9.5 lakh. Many others, including Johnson & Johnson, Unilever and Ford Motor, also hired students from the college. Christ University has risen 12 spots to No. 37 in the 2012 *BT* Best Business Schools survey.

Along with his faculty, Father Thomas T.V., the energetic director of the university's Institute of Management, has been trying to address the need for affordable education that does not exclude any segment of society. The team has also been trying to improve the quality of education, as well as the calibre of students enrolling in its programmes. "There has been a 10 to 15 per cent increase in applications over the past three years. This has resulted in good selection and a jump in the quality of students," says Thomas.

Last year, 110 companies showed up for campus recruitments compared to 80 the year before. The growth in the number of companies coming to the college, says the director, has been directly proportional to the growth in the quality of students the university has been able to attract.

"With due respect to textbooks, we are trying to make them as redundant as possible," says C.N. Kshetragna, Head of the Department of Marketing, sitting in a spacious lounge near the director's cabin. "We moved away from the clichéd classroom kind of stuff, where students are bored to death with PowerPoint presentations. We drove the marketing students into live projects," he adds. "For instance, every day after 5 p.m., some students went to Shoppers Stop for three months. They studied brands that were not selling well and gave real-time solutions."

Projects such as this, along with a sustained drive to get more corporate bigwigs to hold workshops and lectures, have helped Christ University build a "corporate connect". More and more companies, as a result, have now started to show up during the placement season.

This was not the case as recently as three years ago. There were fewer Ph.Ds among the faculty, the student-teacher ratio was not all that healthy, and most students had little work experience. "Close to 30 per cent of our faculty has Ph.Ds now.

CHRIST UNIVERSITY Bangalore, Karnataka

PROGRAMME	: MBA
DURATION	: 2 years
COURSE FEE	: ₹5.6 lakh
ANNUAL INTAKE	: 600 students

STREAMS
Finance, Marketing, Human Resources, Lean Operations & Systems, General Management

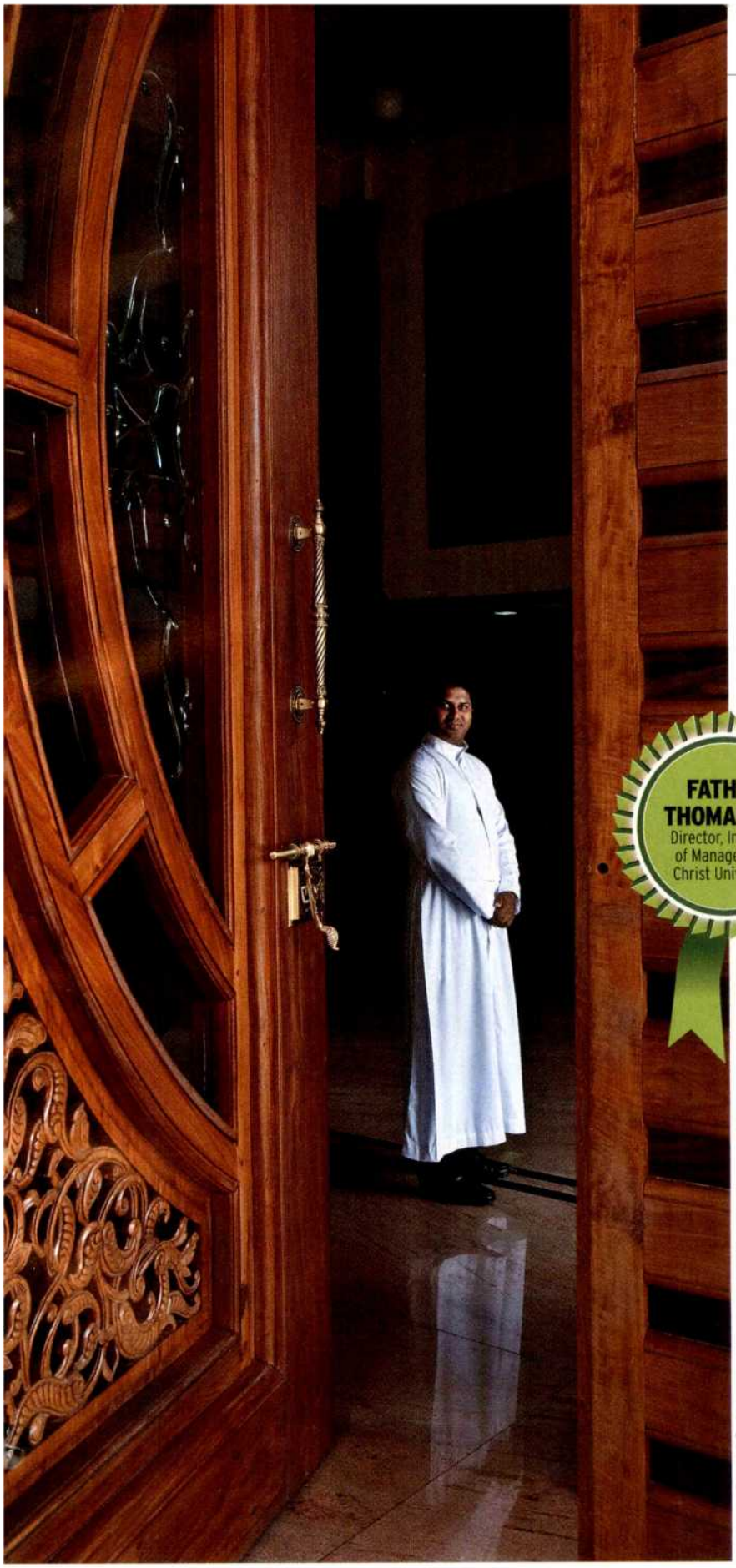
COURSE PREREQUISITES
Graduates, preferably with work experience

PLACEMENT SCORE
100 per cent

CAMPUS HIRERS
110 companies, including ICICI Bank, HDFC, TCS, Wipro, Cisco Systems, Unilever, Ford Motor

AVERAGE SALARY
₹6.5 lakh

THINK BEYOND BUSINESS P78



FATHER THOMAS T.V.
Director, Institute of Management, Christ University

DEEPAK G. PAWAR/www.indiatodayimages.com

The staff-student ratio has gone up to 1:16 from 1:20 earlier. And more experienced people are preferring Christ University – we now get people with two to three years of work experience," says Thomas.

Little known outside Bangalore, even today, Christ University was founded in 1969 and became a deemed university in 2008. The management institute started in 1994, under Bangalore University. In 2004, it started to develop its own curriculum and experimented in innovative teaching methods such as online simulations. Such simulations are used to collaborate and solve problems or conduct a mock analysis of companies. Things started to change rapidly thereafter.

"The quality of education has changed significantly. We have invested in learning management systems and online simulated teaching. We have empowered our five departments – finance, marketing, human resources, lean operations & systems, and general management – giving them more autonomy for decision making," says Thomas.

The university, nevertheless, has its work cut out for the future. It has to develop incubation facilities for start-ups and increase its mindshare among the country's recruiters with some high-decibel marketing. "When I was looking to enrol in an MBA course, I had no doubt that if it was not IIM-B, it had to be Christ University," says Neethu Joy, a former student who is now a recruiter at IT services firm Wipro Technologies. "But Christ still has to work on its brand to be better known." ◆

SANTRUPT MISRA,
Director, Group HR & CEO, Carbon Black Businesss, Aditya Birla Group

Think Beyond Business

Learn as much as you can, do not restrict yourselves to the curriculum, and think about what you learn

Dear Class of 2014,

Heartiest congratulations on finding a place in the competitive world of MBAs. I am sure you put in a lot of yourselves to get here. Sometimes, entry into a reputed institution itself takes so much out of us that some mistakenly think that was the end in itself! I hope you do not make that mistake. You are here for a purpose. Let me for a moment presume that all of you want to be accomplished business and management professionals. As with everything else, this premise should be questioned, but let us take it as a given. If that is so, what do you need to prepare for, and how do you go about the preparation are two invaluable questions you must ask yourselves.

Education is not about lectures, projects, assignments and summer internships. Education is about reflection

The first thing is to understand as many things as are relevant to us. The institution you are in has a heritage; please understand that. The course curriculum has logic; please understand that. The business organisations interacting with you have certain compulsions, try to understand those. We often know too much and understand too little.

The world of business is getting complex. So better understanding will always help you navigate through it better; anticipate the future and prepare yourselves. I hope you learn to go into the depths of people and problems. Learn to go beyond the data, learn to look beyond the way people look and speak; go into the complexities behind events, initiatives and problems. The world's mediocrity is built on superficiality; I hope you will differentiate yourself by being the one who looked within, around and beyond to learn more.

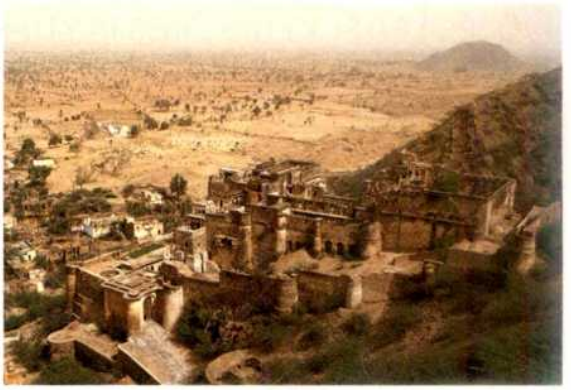
Knowing does not automatically lead to doing and delivering that knowing. The knowing-doing gap is intermediated by personal leadership built on a distinctive understanding of yourself, where you learn to use your strengths and positive emotions effectively and achieve mastery over your negative emotions and behaviour. One facet of personal leadership is to be able to stand apart from the herd and choose a path for oneself that is not always the most popular or most frequented. The journey alone need not be a *lonely journey*. Actually, you are accompanied by your sense of purpose, your mission and your passion on such a journey.

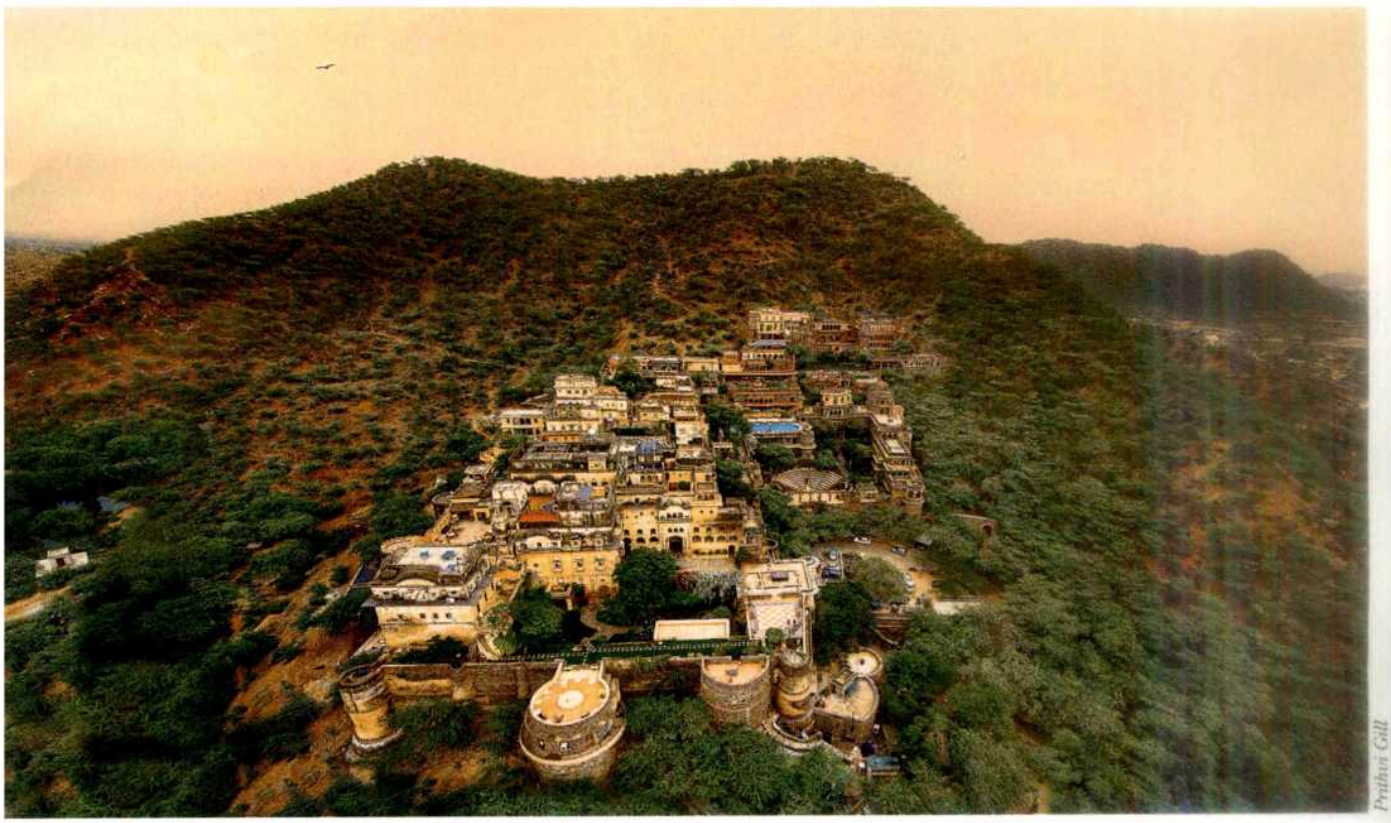
Business leadership is not about strategies, models, data and plans. Business leadership is equally about people and their needs as stakeholders in society. No one can be a great leader without having a connect with, and winning the appreciation of, all stakeholders. Find out more about them and find ways of connecting with them.

So how do you do it? Start with yourself: think clearly about who you are, and what you want. If you are not clear, talk to people. Business schools offer unique opportunities to interact with people from many backgrounds. Use that opportunity to think about your future.

Second, use engagement with faculty, visiting faculty, seniors, professional bodies

Once upon a time
Our past was ruined...





Prithvi Gill

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Open Letter to the Class of 2014

and business forums to broaden your understanding and get a holistic perspective. People can offer you unique insights and experiences. Your own peer group is a very accomplished group. These are successful people who have come together. It would be a pity if you did not leverage the diversity of their perspectives and world view.

The world of business is getting complex. So better understanding will always help you navigate through it better; anticipate the future and prepare yourselves

Education is not about lectures, projects, assignments and summer internships. Education is about reflection. Summer projects, classrooms and the rest of the transmission mechanisms deliver us data and stimulus for reflection. Your own thinking creates new meaning out of each of these experiences. Find time to reflect despite your busy social and professional schedule at business school. In the global business world our frames of references have to be larger. As global citizens you need to look at business issues from a global context. It is easy to become narrow specialists in a functional domain or industry sector, or just one more name in a large successful organisation. You need to push the canvas of your framework to see larger interlinkages that play out on a more global level. Finding local solutions for problems whose roots lie in global forces may just be temporary solutions, without lasting answers. It would be professionally risky not to see the global connect. The digital medium can keep you connected with key actors and players all over the world, helping you acquire a broader understanding.

Each presentation you have to make during the course, each project, each essay, each assignment is an opportunity for self-expression and realising self-worth. These are not chores to be somehow completed. These are opportunities to raise the bar higher, push the standards up and realise the self better. So give your best to these not to get the grades, not to achieve the acclaim or to impress the faculty, but to get the quiet satisfaction of having done something outstanding and creative, far reaching and futuristic. Each of these is an opportunity to be successful every day. It is better to be successful every day than to wait to be successful at the end of an unknown period. Some had to wait too long and I am sure you do not want to be one of them.

When you reach the end of your course, it will be time to make a career decision. Far too many intelligent young people make the mistake of chasing the compensation numbers on offer slips than the substantive promises other alternatives hold. As Henry Longfellow wrote: "Be not like dumb, driven cattle! Be a hero in the strife!"

Lastly, as you go through every day in this journey, remember the sacrifices others have made for you and for your success, and be grateful for the opportunity you have been given that not many have. Make the most of it and good luck. ◆

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Is It Worth the Money?

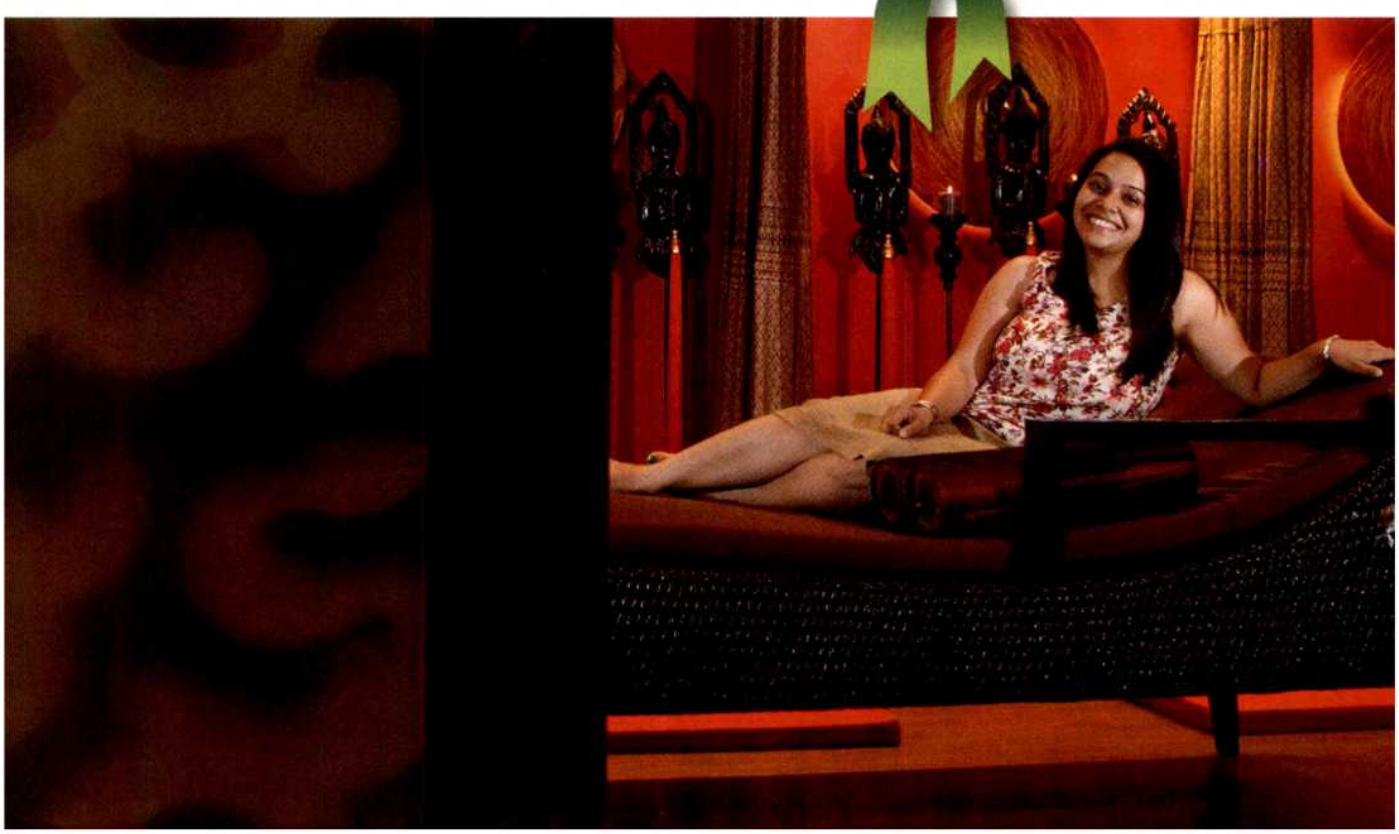
In a comparison of how quickly new graduates recover the cost of their education, FMS Delhi is the clear winner. By MANU KAUSHIK

Arvind Narasimhan, an engineering graduate who worked at Evalueserve, a knowledge process outsourcing company, decided in 2007 to go back to school. He took several MBA entrance exams and aced a few. Several highly sought-after schools were interested in his application, including Jamshedpur's XLRI School of Business and Human Resources, Faculty of Management Studies (FMS) in Delhi, and Narsee Monjee Institute of Management Studies, Mumbai. After sounding out friends, he picked FMS. The average annual salaries for fresh graduates of XLRI and FMS were comparable, but FMS fees were much lower, so the degree would pay for itself faster. "The two-year tuition fees for XLRI were around ₹6.5 lakh, compared to ₹20,000 for FMS," says Narasimhan.

He took a loan of ₹1.5 lakh, which would cover fees, contribution to the student association fund, accommodation, books and other expenses. In July 2009, he got a job offer from Standard Chartered Bank, which would pay him ₹14.75 lakh a year. His monthly take-home was ₹85,000. "In two months, the loan was over," says Narasimhan. "Had I studied at XLRI, it would have taken three years to repay ₹6.5 lakh. I would end up paying some ₹10 lakh as principal and interest."

The rising cost of business education is making FMS one of the most preferred schools. In terms of payback period, it beats others hands down. For instance, the total cost of a management degree at FMS (₹1.89 lakh) is a fraction of that at the Indian Institute of Management, Ahmedabad (₹22.62 lakh). But at an average Indian salary of

SHIPRA SHARMA
IIM Lucknow class of 2007. Manages a spa. Borrowed ₹3 lakh for a course that cost ₹3.5 lakh



PAPER LAMBS P90

₹16.5 lakh, new FMS graduates earn slightly more than the ₹16.36 lakh that their counterparts at IIM Ahmedabad make.

Why is FMS so affordable? "Our basic tuition fees have hardly changed since the 1970s," says M.L. Singla, professor at the no-frills institute, housed in the University of Delhi's North Campus. "Being part of Delhi University, we are funded by the University Grants Commission. That's why the fees are highly subsidised."

He adds that FMS does a good job of keeping costs under control. "We don't have lavish infrastructure like others. We share infrastructure with other university departments. With the least resources, we are able to produce equally good MBAs."

Narasimhan is no exception. Students are increasingly making calculated decisions and looking beyond the ABC (Ahmedabad, Bangalore, Calcutta) IIMs. The return on an MBA education is a function of the salary a student earns after graduating, and

VIVAN MEHRA

TIER - I
Schools whose fresh graduates earn over **₹15 LAKH** a year

IIM AHMEDABAD

COURSE FEE	+	LOAN INTEREST	+	LIVING EXPENSES
14,45,000		6,97,672		1,20,000

TOTAL EXPENSES 22,62,672

AVG. ANNUAL SALARY	**16,36,346**
GROSS MONTHLY SALARY	1,36,362
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	50,000
MONTHLY INCOME TAX	18,403
TOTAL MONTHLY SAVING	67,959

Recovery time: 2 years, 10 months

ADITYA KAPOOR/WWW.INDIATODAYIMAGES.COM

FMS, DELHI

COURSE FEE	+	LOAN INTEREST	+	LIVING EXPENSES
21,500		NR		1,92,000

TOTAL EXPENSES 2,13,500

AVG. ANNUAL SALARY	**16,50,000**
GROSS MONTHLY SALARY	1,37,500
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	50,000
MONTHLY INCOME TAX	18,755
TOTAL MONTHLY SAVING	68,745

Recovery time: 3 months

Amounts in ₹. Loan interest calculation based on SBI's rates. NR: Loan not required
Source: BT-Nielsen Best B-schools Survey 2012, based on 2011 figures; 2012 figures were not available at the time of the survey

costs such as tuition fees and living expenses incurred while studying.

Since 2008, there has been a shift in perceptions about business education. The cost of doing an MBA has risen substantially, and starting salaries have not kept pace. Take the case of IIM Ahmedabad. In 2007, it charged some ₹4 lakh for its two-year programme, while the average domestic salary was ₹13.6 lakh a year. In 2011, the fee was ₹14.45 lakh, and the average domestic salary was ₹16.36 lakh. Fees have more than trebled in four years, but the average salary has increased just 20 per cent.

Shawn Francis, who topped the 2012 batch of the two-year finance programme at Symbiosis Institute of Business Management, Pune, says the payback period varies significantly even within a class. Now a credit analyst with a global financial services company in Mumbai, he says the slow economy meant that some of his classmates had trouble finding jobs. "They had to settle for lower salaries," he says. "They may recover costs over a longer period."

Francis spent ₹10 lakh on the two-year programme, though he wanted to join the one-year course. A computer engineering graduate of the University of Mumbai's class of 2009, he did not have the minimum work experience required for many one-year courses. But he has no regrets: his job lets him save ₹45,000 a month. He began working in April 2012, and expects to break even by January 2014.

One-year programmes are growing in popularity. Institutes that offer them include the Indian School of Business, Hyderabad, Great Lakes Institute of Management, Chennai, and SP Jain Institute of Management and Research, Mumbai. With a curriculum similar to two-year courses, the one-year programmes let students start earning sooner, save on interest costs, and recover the cost of their education faster.

One reason why applicants are more calculating about the payback period is that they borrow to study. Prashant Bhonsle, Country Head of Credila Financial Services, the education loan unit of HDFC, says the number of people seeking loans for an MBA has risen sharply in the past three years. "Earlier, students would self-finance education expenses, because the fees were lower," he says. "Around 60 per cent of students take loans now."

Bhonsle says the return on investment in

TIER - II
Schools whose fresh graduates earn **₹8 LAKH** to **₹15 LAKH** a year

RACHIT GOSWAMI

IIFT, NEW DELHI

COURSE FEE	+ LOAN INTEREST	+ LIVING EXPENSES
10,00,000	5,28,128	1,92,000

TOTAL EXPENSES 17,20,128

AVG. ANNUAL SALARY	**10,83,000**
GROSS MONTHLY SALARY	90,250
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	40,000
MONTHLY INCOME TAX	7,914
TOTAL MONTHLY SAVING	42,336

Recovery time: 3 years, 5 months

SIBM, PUNE

COURSE FEE	+ LOAN INTEREST	+ LIVING EXPENSES
7,80,000	3,67,919	1,20,000

TOTAL EXPENSES 12,67,919

AVG. ANNUAL SALARY	**10,67,000**
GROSS MONTHLY SALARY	88,917
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	40,000
MONTHLY INCOME TAX	7,639
TOTAL MONTHLY SAVING	41,278

Recovery time: 2 years, 7 months

Amounts in ₹. Loan interest calculation based on SBI's rates
Source: BT-Nielsen Best B-schools Survey 2012, based on 2011 figures; 2012 figures were not available at the time of the survey

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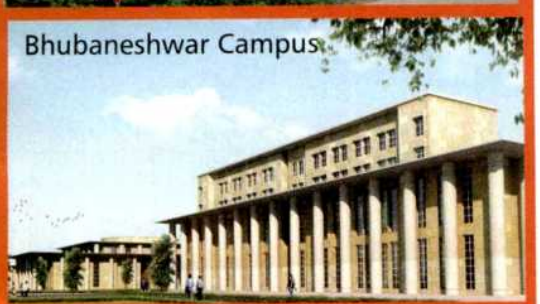

Admission Announcement 2013

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Source: CNBC-TV18 Cfore B-School Survey 2012

All India **10th Rank** Among Private B-Schools
Source : business today
Nielsen Best Business School Survey, 2011

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TIER - III
Schools whose fresh graduates earn below **₹8 LAKH** a year

an MBA is highly skewed in favour of Tier I and Tier II schools. "Top-league institutes have a proportionate rise in salaries and fees," he says. "In low-rung institutes, fees have risen, but salaries have largely remained stagnant, so the returns are not commensurate with the cost."

Shipra Sharma, marketing director at Tattva Spa in Gurgaon, near Delhi, says she is lucky she graduated from IIM Lucknow in 2007. Her two-year course cost a total of ₹3.5 lakh. Compare that with the ₹12.15 lakh that the class of 2014 is paying. She says she borrowed against her parents' wishes, because she didn't want to burden them. "I took a loan of ₹3 lakh at nine per cent. For other B-schools, the interest rate was around 12 per cent."

Banks generally lend at lower rates for premium schools. The State Bank of India, for instance, lends at 10.5 per cent for 10 schools, including several IIMs, XLRI, and the Management Development Institute, Gurgaon. For other schools, the interest rate is 11.75 per cent. Private banks charge more.

Sharma, who had an engineering degree, had been offered a job by a European company before she went to IIM Lucknow. "They were paying me around ₹5 lakh a year," she says. "My parents were keen that I take up that job and get settled. I had made up my mind. I wanted to pursue a management degree at a good institute, because the engineering college wasn't a big brand."

The decision paid off. With an IIM Lucknow diploma, Sharma got a job offer from the Aditya Birla Group that would pay her ₹14 lakh. In addition, she would get a ₹6 lakh retention bonus spread over three years. By July 2009, she had not only repaid her loan, but also had savings of ₹20 lakh in her bank account.

The payback period increases for institutes at the bottom of the heap. In Tier III institutes, where the average annual salary is less than ₹8 lakh, the payback period is five to 12 years for students who borrow from banks. In Tier I institutes (average salary above ₹15 lakh), it is one to three years. T. Muralidharan, Chairman of TMI Group, a human resources services company, says return on investment hinges on a graduate's first job. He says sectors such as consulting and investment banking offer better starting salaries than manufacturing. ◆

WITH RESEARCH INPUTS FROM
JYOTINDRA DUBEY

IFMR, CHENNAI

COURSE FEE	+	LOAN INTEREST	+	LIVING EXPENSES
10,00,000		5,28,128		72,000

TOTAL EXPENSES 16,00,128

AVG. ANNUAL SALARY	**7,25,000**
GROSS MONTHLY SALARY	60,417
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	30,000
MONTHLY INCOME TAX	3,004
TOTAL MONTHLY SAVING	27,413

Recovery time: 4 years, 11 months

AMRITA SCHOOL OF BUSINESS, COIMBATORE

COURSE FEE	+	LOAN INTEREST	+	LIVING EXPENSES
600,000		2,82,974		72,000

TOTAL EXPENSES 9,54,974

AVG. ANNUAL SALARY	**4,50,000**
GROSS MONTHLY SALARY	37,500
MONTHLY EXPENSES (Rent, maintenance, food, conveyance, etc)	30,000
MONTHLY INCOME TAX	429
TOTAL MONTHLY SAVING	7,071

Recovery time: 11 years, 3 months

Amounts in ₹. Loan interest calculation based on SBI's rates
Source: BT-Nielsen Best B-schools Survey 2012, based on 2011 figures; 2012 figures were not available at the time of the survey

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REGISTRAR

Paper Lambs

Indian B-schools are far behind their global counterparts in publishing research papers. By N. MADHAVAN

Deepa Mani surprised many when she turned her back on a lucrative job offer from Boston Consulting Group in the United States, choosing instead to pursue a Ph.D. But for Mani, who has had a lifelong fascination for research, it was not a very difficult decision. Her passion for explorative study was stoked at Carnegie Mellon University, Pittsburgh, where she earned a Masters in Information Systems in 2003. Now an assistant professor in the Information Systems group at Indian School of Business (ISB), Hyderabad, she has co-authored and published three research papers. Another one has been accepted for publication. Her subject: what types of outsourcing engagements create value, and under what conditions. The papers have all been published in top-notch journals tracked by the University of Texas at Dallas (UT Dallas). Mani's record is enviable, given that UT Dallas – considered the best listing for management research – tracks research publications in just 24 top journals.

What makes her accomplishment even more remarkable is the fact that she has published papers from India, which does not have a strong tradition of research. "We lack the ecosystem for research here. The process to generate ideas for research, get them validated and then published is not mature," she says.

The numbers reveal just how challenging the environment Deepa refers to is. Between 2009 and 2012, India's 4,000-plus B-schools together published just 36 papers in journals tracked by UT Dallas (*see chart: Poor Count*). This pales into insignificance before the record of Wharton Business School, Philadelphia, which published 276 papers over the same period, and Harvard Business School, Boston, which published 182.

In a study, Nirmalya Kumar and Phanish Puranam of the London Business School (LBS) found that between 1990 and 2009, there were

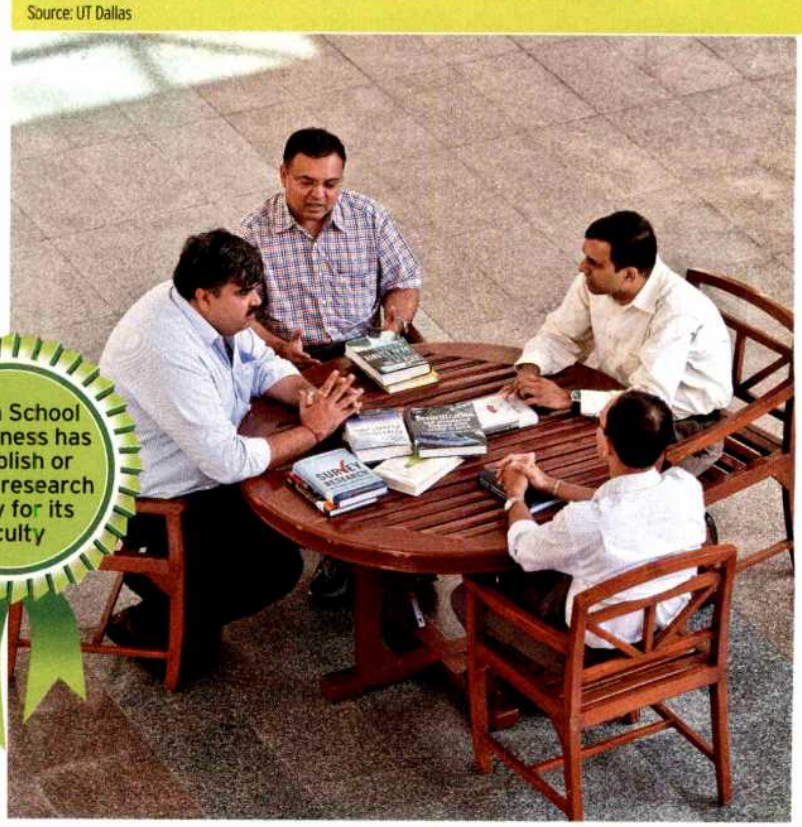
POOR COUNT Number of papers published between 2009 and 2012

276 Wharton Business School, US

182 Harvard Business School, US

ISB	22	IIM Lucknow	1
IIM Bangalore	6	IIM Ahmedabad	1
IIM Calcutta	4	University of Hyderabad	1
		IIT Bombay	1

Source: UT Dallas



A. PRABHAKAR RAO/www.indiatodayimages.com

Indian School of Business has a 'publish or perish' research policy for its faculty

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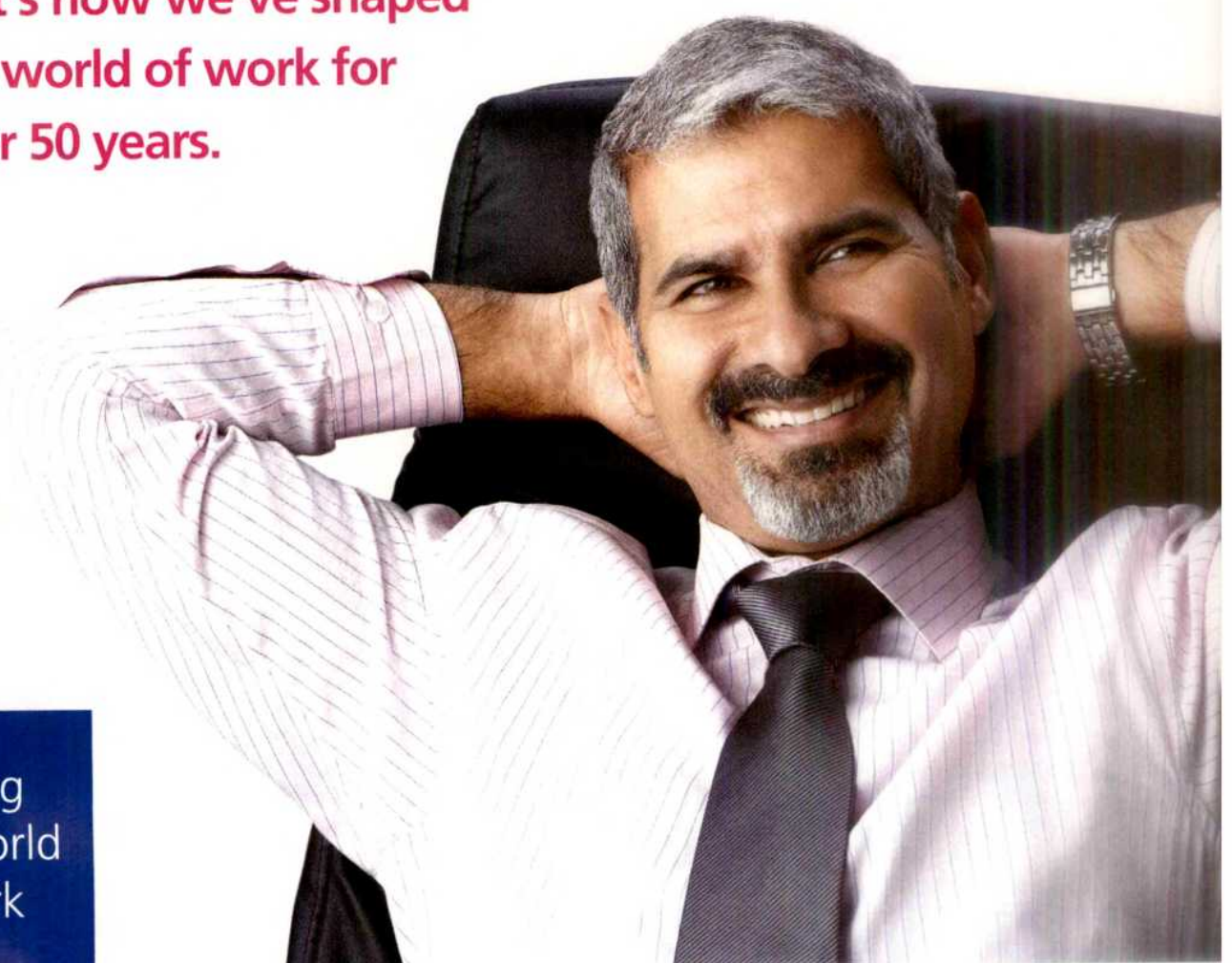

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only 108 articles published by India-based authors in 40 journals tracked by the *Financial Times*. "That is just five articles per year for the entire country," says Kumar.

If the Thinkers50 – a listing of the most influential business thinkers, compiled every two years – is any indication, Indians are indeed cut out for management research. The 2011 listing has as many as seven management gurus of Indian origin teaching in prestigious B-schools abroad. They include LBS's Kumar and Vijay Govindarajan, who teaches at the Tuck School of Management in Dartmouth, New Hampshire. India also appears to be a fertile ground for some pathbreaking management theories. C.K. Prahalad's 'Bottom of the Pyramid' and Govindarajan's 'Reverse Innovation' have their origins here.

So, where is the problem? Kumar lays the blame squarely on B-schools, which he says are predominantly teaching institutions that are not research oriented. "Academic research can lay foundations for concepts that eventually influence practice. Concepts such as core competence, the capital asset pricing model and brand equity, all originated in academic research." Moreover, attracting the best faculty would be impossible without a research mission, he adds.

Govindarajan, ranked third in the Thinkers50 list, concurs. "Knowledge creation cannot be divorced from knowledge dissemination," he says.

The emphasis on teaching has meant that even prestigious Indian B-schools have staff without the requisite research potential. The appraisal system in these institutions does not incentivise research or penalise the lack of it. Allocation of funds for research is also insufficient.

Samir K. Barua, Director of the Indian Institute of Management (IIM), Ahmedabad, says there are other factors behind the flaccid performance. "Our faculty strength is way below the limit. We have just 95 professors instead of 120. This increases the teaching workload," he says. Then there is the "self-funding structure" for IIMs in Ahmedabad, Kolkata and Bangalore. "Unlike management schools in the US, we do not have a large corpus to play around with. Our faculty consults a lot to generate funds so that we can be financially independent. This also eats into their time for research."

International B-schools, on the other hand, fix the teaching load by factoring in time for research. "I say I teach 24/7. That is 24 hours in a month and seven months in a year. I need to do research, publish and enhance the reputation of the school so that I can attract high quality faculty and students. This is more than my teaching time," says Bala Balachandran, Founder, Chairman and Dean of Great Lakes Institute of Management, who also teaches at Northwestern University. He believes there is a correlation between the reputation of a school, ranking from top journals and placement statistics. "Schools that are just teaching machines will face difficulties," warns Balachandran.

The silver lining is that B-schools in India have begun to see merit in research and are changing. ISB is way ahead of the pack in creating an environment that fosters research among its faculty. "We identified research as our differentiator when we started the institution," says Ajit Rangnekar, the dean.

The institution hires faculty who are Ph.Ds from top research-oriented universities. They are supported with databases, provided funding for travel and research, and encouraged to attend lectures by researchers from across the world.

The teaching workload is not heavy. And importantly, ISB's tenure system makes it clear that if you do not publish, you perish. "We have asked two members of the faculty to leave as they failed to deliver progress on the research front," adds Rangnekar.

It is this supportive environment that enabled Deepa Mani to publish three papers in three years. In fact, ISB has published more papers (22) than all the other B-schools in the country put together, according to the UT Dallas listing for 2009-12.

Others are also beginning to focus on research. "This academic year we have rolled out a new performance management system, which measures the quantum of research by faculty," says IIM-A's Barua.

IIM Bangalore, too, is getting seri-

RESEARCH ROADBLOCKS

- B-schools are unwilling to embrace research
- Faculty members lack the credentials and potential to conduct research
- There is a shortage of staff, which results in a higher workload on existing staff
- Most B-schools lack adequate funding
- The faculty appraisal system in B-schools does not incentivise research
- Availability of data, especially in the Indian context, is limited

"Indian B-schools are largely teaching institutions that are not research oriented"

NIRMALYA KUMAR
Professor of Marketing & Co-director of Aditya V Birla India Centre, LBS

"Indian business has developed many innovative practices. Only research will unlock this potential"

VIJAY GOVINDARAJAN
Professor at Tuck School of Business, Dartmouth College

ous. "We have recruited faculty with high research potential from global universities in the last five years," says Dinesh Kumar, the institute's Chairperson for Research & Publication. "The funding budget for research has also increased substantially. We expect to see a sharp increase in publication in a few years."

But Govindarajan urges patience. "Indian business has developed many innovative practices. The world needs to hear about these innovations. Only research will unlock this potential. Patience is key," he says.

So, when will an Indian B-school faculty member make it to the Thinkers50 listing? "Not in this decade," says LBS's Kumar. "But it is possible in the long term if Indian B-schools make a commitment." ◆

Send your comments to editor.bt@intoday.com

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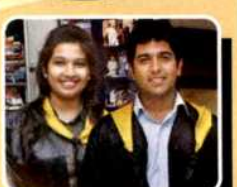
CAT 2012



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By E. KUMAR SHARMA

GALIT SHMUELI
Professor of statistics, data analytics and information systems, ISB

The Indian economy – dogged as it is by scams and slow growth – is still exciting to many. Many professors in other countries are keen on working here, but there are some flies in the ointment. Salaries here are relatively low, and finding suitable jobs for spouses and schools for children can be tough.

But Galit Shmueli, an Israeli-American professor of statistics, data analytics and information systems, made the move. She came to India in 2011 to teach at the Indian School of Business, Hyderabad. Having nearly lost her voice, thanks to a series of lectures and a nasty cold, she told *Business Today* in an email interview: "I spent a few weeks on campus in 2010 while co-teaching a data mining course and really liked the experience." Because of that, and having travelled extensively in Asia, she did not experience culture shock, she says. However, she adds: "Relocation ... is often a challenge for the spouse and children."

In her case, things fell into place, though. "We were eager to move to Asia after spending a sabbatical year in Bhutan," she says. "My husband's career is location-independent and my daughter happily attends school in Bhutan."

She describes India as a "happening place" but adds that life here seems "much more bureaucratic on a daily basis". A sense of humour is a necessity, she says. "Luckily, the Indian mindset seems to be in sync with my Israeli chutzpah."

She says she would recommend teaching in India to "anyone who can take spicy food and is a stellar teacher". But research is a different kettle of fish. "For those interested in a research-oriented position, a move to a university in India requires careful consideration. First and foremost, academic research is quite rare in India." She says ISB is an exception, as its research culture matches that of overseas universities in terms of rigour, importance and funds.

ISB's tenure process adheres to global norms, too – six years after joining as assistant professor, candidates are evaluated on research quality and compared with global peers. Researchers in top schools are invited to assess their work. Professors who fail to make tenure.

Shmueli says those who wish to work at an Indian institute should assess its productivity in terms of research and publications. "I recommend spending a sabbatical in India to gauge what life here is about," she says. "Because of the nascent stage of academic research in India, it is important to connect fully with the core research community in your area before moving here. Once you are part of the community, it is relatively easy to maintain a strong connection."

She says: "I must confess that I would not have contemplated such a move 10 years ago, because I would fear isolation from the research community in the West. Today, location is much less of a barrier."

And what about money? "It is true that compensation is much lower than in the US, especially when the rupee has been depreciating so quickly," she says. "It is a matter of personal priorities. Obviously, I have made my choice." ◆

For a more detailed story, go to www.businesstoday.in/shmueli

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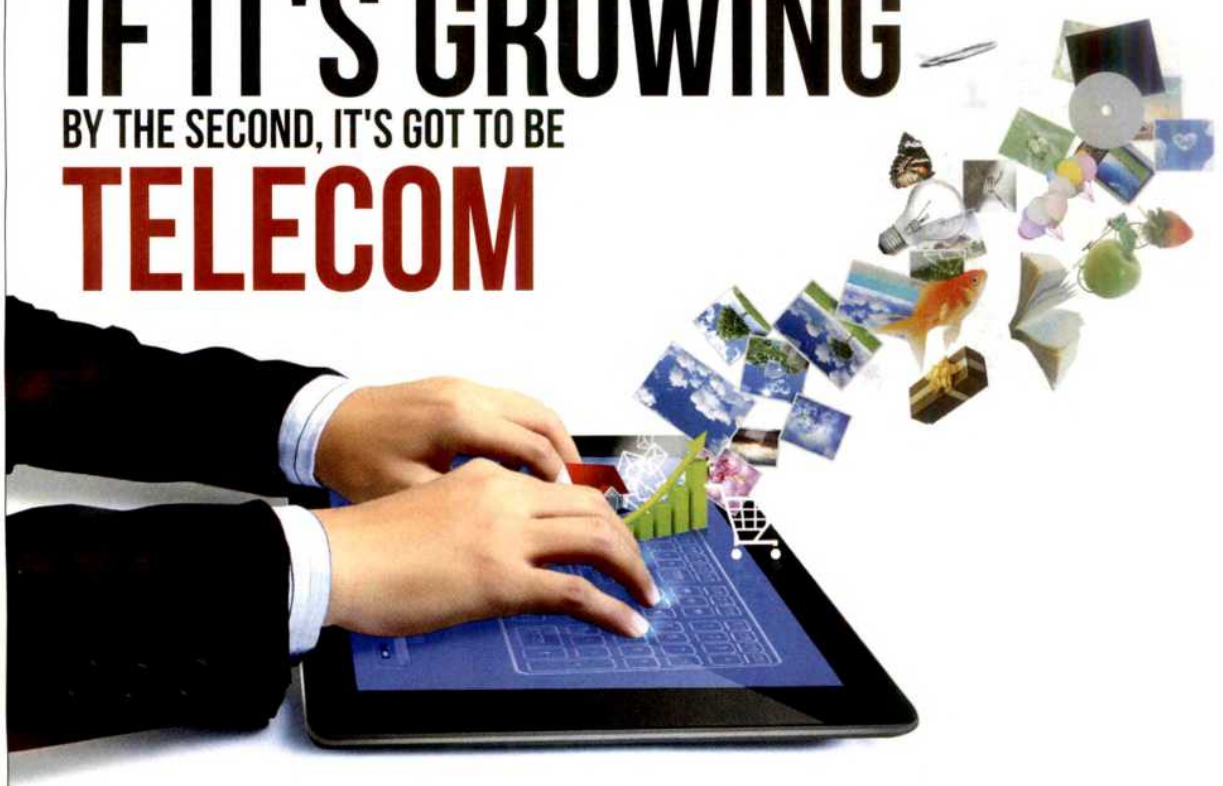

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The Bubble Bursts

B-schools have proliferated, leading to oversupply and a fall in teaching quality.

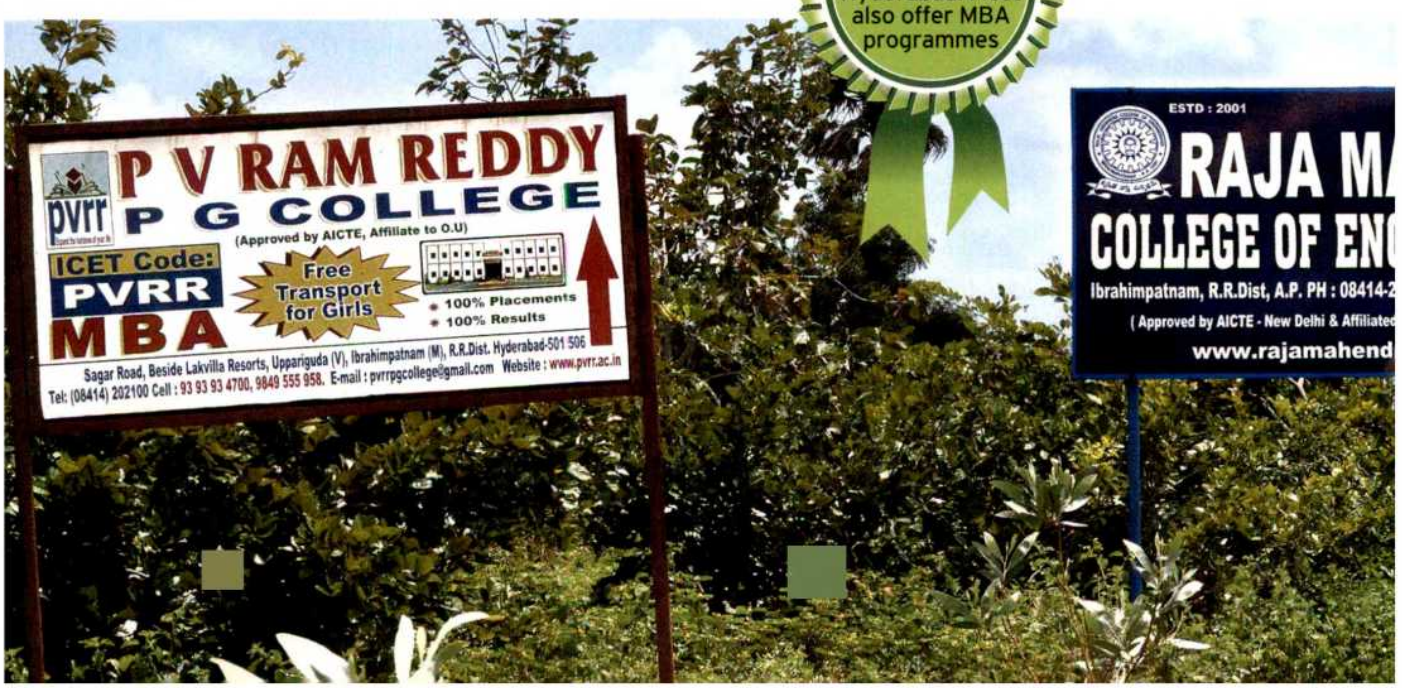
By G. SEETHARAMAN, E. KUMAR SHARMA and MANU KAUSHIK

A nondescript building on the sprawling 30-acre campus of CVR College of Engineering, on the outskirts of Hyderabad, saw a small change last December. The board 'PG Block' on the building was replaced with one that said 'Electrical and Electronics Engineering Block'. It was more than just a name change, though. It marked the end of the management programme the private engineering college had been running since 2006. "It still hurts to see the sign change," says B. Tejomayi, 22, who will graduate this year as part of the last MBA batch and has yet to find a job. "It is sad because there will be no faculty to fall back upon and consult later in life as an alumna of this institution."

CVR College is one of about 15 engineering institutes that also offer management courses within a three-km radius. "There was not much value being added, with the market flooded with management diplomas," says C. Madhusudana Reddy, Founder, CVR College, explaining his decision to close the programme.

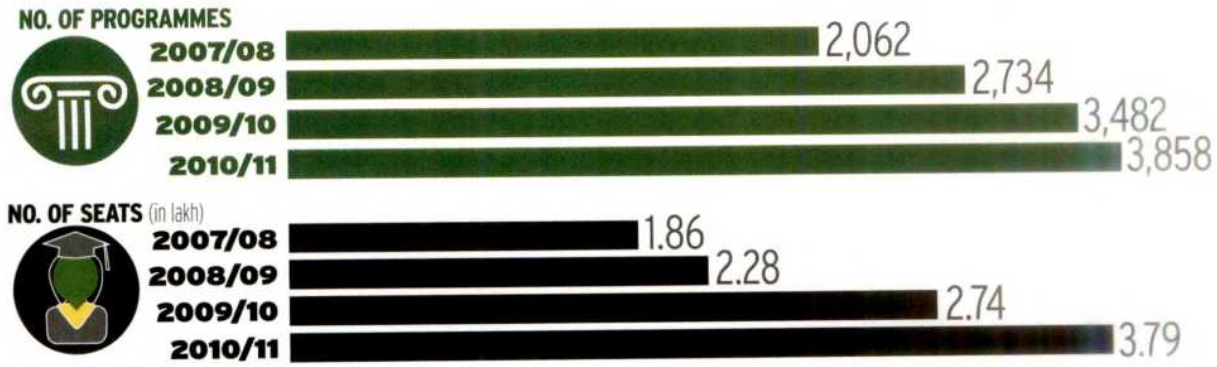
Statistics bear him out. There are about 4,000 business schools approved by the All India Council for Technical Education (AICTE), the regulator for technical education. The number of seats offered in these schools doubled in four years to 3.79 lakh in 2010/11 (see *Rapid Growth*). The numbers are not large given that 13 million people join the workforce in India every year, says Ajit Rangnekar, Dean, Indian School of Business (ISB), Hyderabad. But they are huge given that China produces an estimated 40,000 management graduates a year from roughly 200 schools.

"Between 2003 and 2008, a lot of B-schools were set up thanks to strong growth in the economy. But we have seen two downswings since then and many B-schools are facing difficulties," says Ajay Srinivasan, Head, Crisil Research. According to Crisil, on average, only 65 per cent seats were filled in 2011/12. As a result, many institutes are shutting shop. AICTE Chairman S.S. Mantha says the council allowed 101 B-schools to close for the academic year 2012/13. Andhra



Signboards of engineering colleges near Hyderabad. Most also offer MBA programmes

RAPID GROWTH The number of management programmes and seats has jumped in recent years



Source: AICTE

Pradesh tops the list with 42 such institutes, he says.

The unprecedented rush into management education means that standards at most B-schools are far from satisfactory. Many schools lack well-qualified staff and are ill-equipped to follow AICTE's norms. The council, for instance, prescribes a student-teacher ratio of not more than 15:1 for the management and engineering disciplines. But this is often violated. "Institutions are focused on their own value creation rather than creating value for students," says Adil Malia, Group President, Human Resources, Essar Group. Malia says supply from low-rung B-schools is suitable only for low-end jobs. "People who used to recruit plain graduates earlier for sales jobs are now interested in recruiting MBAs," he adds.

Chennai-based Swamy, who does not wish to reveal his second name, is one of numerous students disappointed with their degrees. Swamy says he could not get an education loan from a bank for his MBA from Sathyabama University, a private institution in the city, in 2006-08. His father, a farmer, had to cough up ₹3 lakh for his MBA. "While my batch mates joined business process outsourcing (BPO) companies, I wanted to be in finance. So I joined a small company at a salary of just ₹7,000 a month," he says. Another example is that of a 27-year-old employee of a power-equipment maker in Nashik. The employee, who did not wish to be named, says he spent ₹1.25 lakh on his MBA from AICTE-approved Mahatma Gandhi Vidyamandir's Institute of Management and Research in Panchavati, near Nashik. He worked with a BPO company for eight months before joining his current company.

So how much of the blame rests with AICTE? "The council's stance is clear. It wants to increase supply and let the market decide," says Crisil's Srinivasan. AICTE has been criticised for being lax in its approval process. Its reputation has suffered on allegations of corruption as well. In 2009, Ram Avtar Yadav, the then AICTE chief, was removed following graft charges. But Ashok Thakur, Secretary, Higher Education, Ministry of Human Resource Development, backs AICTE. "AICTE has taken action

A. PRABHAKAR RAO/WWW.intodayimages.com

MIXED BAG The placement records of B-schools vary widely

CATEGORY	CAPACITY UTILISATION (in %)	PLACEMENTS IN 2010 (in %)	AVERAGE SALARY IN 2010 (in ₹)
TIER - I	95-100	98-100	>9 lakh
TIER- II	80-95	80-98	5-9 lakh
TIER - III	75-80	60-80	3-5 lakh
TIER-IV	<70	<60	<3 lakh

Source: Crisil Research

against institutes which are not approved," he says. Mantha says there are some 260 unapproved institutions. "We have informed state governments to shut down unapproved institutes. Some states such as Maharashtra, Tamil Nadu and Madhya Pradesh have taken action, others need to move fast," he says.

But is the AICTE approval enough? No, says E. Balaji, Managing Director and CEO, Randstad India, a human resource consultancy. "The quality of education, a decent faculty and industry network are equally important," he adds. Apoorva Palkar, President of the Consortium of Management Education, an association of private business schools in Maharashtra, says not every institute can succeed as the gestation period is six to seven years (see *The Business of B-schools* on Page 102). "You need time to establish credibility. You also need deep pockets," she says.

Apurv Pandit, Editor of Pagalguy.com, a forum for MBA aspirants and students, says top B-schools are opting for international accreditations such as the one granted by the Florida, US-based Association to Advance Collegiate Schools of Business (AACSB). In December last year ISB became India's first B-school to be accredited by the AACSB. ISB has chosen not to be recognised by AICTE. In April, T.A. Pai Management Institute, Manipal, became the second.

The past few years have seen a proliferation of institutes being set up without AICTE's approval. One such is Dadar College of Management, housed in a high school in central Mumbai. It has only five classrooms, a computer lab and an office. The college is a distance-learning centre of Sikkim Manipal University (SMU). It offers a distance-learning MBA from SMU costing about ₹53,000 for four semesters. It also claims to offer a "full-time" MBA awarded by SMU that costs an additional ₹90,000 a year. The university, however, conducts full-time programmes only on its campus in Gangtok, Sikkim.

VISHAL KHAN

"The gestation period for B-schools is six to seven years... You need time to establish credibility"

APOORVA PALKAR,
President, Consortium of Management Education

A Dadar College official, who asked not to be named, said it is only a distance-learning course but with classes conducted by its faculty. The College is run by Anthayya Education Pvt Ltd, which also has engineering, arts and commerce colleges in Mumbai and Pune. Rakesh Shetty, a Congress politician and one of the directors, declined to comment. The college claims to enrol students every two to three months for its "full-time" MBA. But N.S. Ramesh Murthy, the SMU's director of distance education, feels differently. He says SMU's centres must take classes for one-tenth of the credit hours for the distance-learning MBA. "They can have more classes and we don't have a say in how much they charge. But they cannot call it a full-time MBA," he says.

The most visible example of a B-school without AICTE approval is the Indian Institute of Planning and Management (IIPM), New Delhi, known for its high-decibel advertising campaigns. IIPM runs 18 branches and has about 4,000 students on its rolls this year. AICTE says IIPM needs its permission as its programmes are technical in nature. The council has issued notices to IIPM, but a spokesman for the institute says it has obtained stay orders from the Delhi High Court. "We are not providing technical education. Also, the certificate programmes do not come under AICTE purview." The case is sub judice.

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The updated curriculum and the crème-de-la-crème students passing out of SCMS, attract many corporate companies to SCMS for recruitment. Here we present, though not an exhaustive list, the companies which came to SCMS this year for recruitment.

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Madura Fashion & Lifestyle	SBI General Insurance
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HDFC Bank	QBurst
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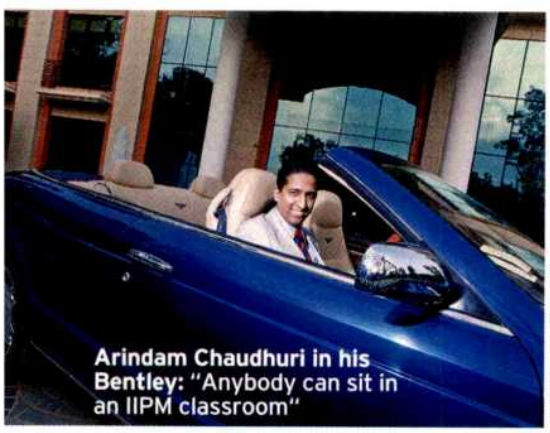
"THE ONLY B-SCHOOLS YOU NEED TO SHOW YOU ARE BETTER THAN ARE THE IIMs"

The Indian Institute of Planning and Management (IIPM) is one of the most talked about B-schools in India. Its aggressive marketing draws hundreds of students every year. In a candid conversation with Business Today, **Arindam Chaudhuri**, *Honorary Director, IIPM Think Tank, speaks about the Indian Institutes of Management (IIMs), his courses and marketing plan. Edited excerpts:*

How is IIPM different from the IIMs?
Engineers comprise 80 per cent of the IIM classroom. There are hardly any girls. On the other hand, anybody can sit in an IIPM classroom. IIMs have 40 papers, we have 72 papers in a two-year programme. I tell students my entrance exam is to test whether I can make them managers, not engineers.


Arindam Chaudhuri in his Bentley: "Anybody can sit in an IIPM classroom"

ADITYA KAPOOR

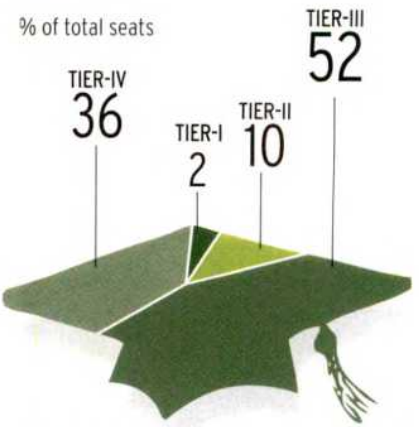
Your tagline says "Dare to think beyond the IIMs". Why do you engage in ambush marketing when you are confident about your courses, pedagogy and faculty?
The only B-schools you need to show you are better than are the IIMs. I refuse to accept that when I have the best set of teachers and intellectually stimulating course content, other B-schools will be able to take away students from me. From 1995 onwards, a large number of B-schools got approvals from AICTE. AICTE was a standard of excellence which was on sale. If someone was starting a B-school on Mahanadi, the asking rate was ₹2 lakh. If it was in South Delhi, then the rate was ₹2 crore.

Do you rely more on visiting faculty or permanent staff?
Permanent faculty means faculty ruined. We lay huge emphasis on visiting faculty. We have 140 permanent members, including 60 IIPM alumni. This is 33 per cent of the total faculty. We have also taken 15 professors from IIMs, XLRI, SP Jain and ISB. These people will drive new research work.

Your three-year course combines BBA and MBA programmes. Are you not compromising on the rigour of a full five-year course?
In the first year, students undertake management activities. For the next two years, these students sit with MBA students. Graduation has nothing to do with MBA. For our three-year programmes, we have tie-ups with Mahatma Gandhi University in Meghalaya and MS University in Tamil Nadu. The students do their BBAs from these universities simultaneously. They can do their graduation from other universities as well.

For the full interview go to www.businesstoday.in/arindam

SMALL PIE
Top schools' share of total B-school seats is tiny



Source: Crisil Research

cate in national economic planning and entrepreneurship, IIPM offers a post-graduate degree from Belgium's International Management Institute (IMI) for its flagship two-year programme. It also offers a graduate degree in management from IMI for a three-year integrated programme targeted at 10+2 students. No other similar institution does so – only universities can offer management degrees in India. But there's a twist in the tale. The NVAO, the accreditation organisation of the Netherlands and Dutch-speaking part of Belgium, does not recognise IMI. Axel Aerden, a spokesperson for NVAO, told *BT* via email. IIPM says accreditation is required only if an institute is offering a "Masters" degree and that it does not use the word "Masters" in its post-graduate degree from IMI.

To be sure, IIPM is no different from any other mid-rung B-school. "It has reasonably good infrastructure, faculty and processes. The industry hires students on the basis of talent, not on the basis of the background of the institute," says Saurabh Johri, program advisor at think tank Observer Research Foundation.

Dhiraj Mathur, Executive Director, PricewaterhouseCoopers India, says closing unrecognised institutes is difficult as they exploit

"Closing unapproved institutes is difficult as they exploit loopholes in norms to claim they do not come under AICTE's purview"

DHIRAJ MATHUR, Executive Director, PricewaterhouseCoopers India

SHEKHAR GHOSH

loopholes in norms to claim they do not come under AICTE's purview. Palkar, of the Consortium of Management Education, says AICTE has done a "wonderful job" of communicating to the public and prospective students about the unapproved institutes. But AICTE lacks teeth, something the government aims to change with its Higher Education and Research Bill, 2011. The bill envisages the setting up of a National Commission of Higher Education and Research, a super-regulator that would subsume existing watchdogs such as AICTE and University Grants Commission. The new commission's role would be to combat corruption in various universities and regulatory bodies. The bill is pending before Parliament.

Palkar believes there will be consolidation among B-schools in the next four to five years because of poor placements and their impact on student intakes. According to Shrinivas Acharya T., Principal Director, Vishwa Vishwani School of Business, Hyderabad, collaboration among tier-1, tier-2 and tier-3 schools is the need of the hour. "We have approached a few eminent B-schools for mentorship," says Acharya.

As for students, many do not really care about the school's recognition or the quality of the faculty and do not evaluate a college properly, says Pagalguy.com's Pandit. "When these people finally join a school, it takes them two semesters to realise that the education is substandard."◆

ADDITIONAL REPORTING BY ANUSHA SUBRAMANIAN AND ANAND J

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The Business of B-schools

A good institute takes at least four years to break even

There is a myth that it only takes a few lakh rupees and three to four classrooms to start a B-school. That is not true. The All India Council for Technical Education (AICTE), which governs technical and management education, has stringent stipulations to start a B-school. They have been spelt out on its website. It will take at least ₹15-16 crore to establish a good B-school even in a major town. Assuming half of it is borrowed, the founders would need to provide for staff and faculty salaries, power costs, administrative expenses, books, journals and software, among others. So, things are not going to be easy. A good B-school could expect to break even in the fourth year or so, when AICTE would hopefully have approved 120 admissions. The shoddy ones will not survive in the long run.

The 4,000-plus B-schools in India form 33 per cent of the total number of B-schools in the world, with about 400,000 graduates every year. There is no market for such large numbers.

It will take at least ₹15-16 crore to establish a good B-School even in a major town

Sometime ago, while addressing the annual conference of the Association of Indian Management Schools, I had warned of a situation where mergers, acquisitions and closures would happen. The signs were all there, and many of us who are ardent believers in Adam Smith's postulates knew that his free-market principles would get into action with ferocity. Today there is overcapacity, shoddy products, moneyed men in education and very little adaptability to the competitive situation that has emerged. Nobody needs to shed a tear for this. That is the law of nature.

B-schools "mushroomed" because there was a market for them. Many agencies involved in the approval process connived in the proliferation. The government that gave the No Objection Certificate, the university that granted the affiliation, the expert committee that visited the institute, and the AICTE, which gave final approval. Why blame only the educationist, educational entrepreneur or businessman?

Recently, an interesting case was reported from a South Indian city, where the promoter was a fresh graduate from a well-known B-school in that city. Since the institute met all the minimum requisites, it got AICTE approval. But the number of admissions stayed at about 20 per cent to 30 per cent of the sanctioned strength. The revenue model was not working. Salaries had to be delayed and faculty members were leaving. Almost 60 per cent of the B-schools in South India face similar problems. The shortfall ranges from 30 per cent to 70 cent of the sanctioned number of students.

Running a B-school is a serious business. It cannot be done by novices, businessmen or commercially oriented people. It needs visionary leadership, good faculty, infrastructure, students, industry linkages and a strong performance culture. Culture is a major contribution of the founders or early leaders of an institution. If that is missing, one cannot expect much of that B-school.

It is our good fortune that such a culture was woven into the fabric of our management education over the years through IIMs on the one hand and many leading private B-schools on the other. The pursuit of excellence is what has enabled them to hold their own in the global league. ◆

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Sharpening the Indian MBA

Strategic partnerships, global faculty and researchers, and alumni engagement will help Indian B-schools prosper

For a quarter century, I enjoyed the opportunity to serve on faculty at the Kellogg School of Management – including as dean and in other leadership roles. In 2009, it was my privilege to bring insights from this tenure to contribute to the formal review of several top business institutions. Among these was the Harvard Business School (HBS), whose review committee I chaired.

As an Indian, who grew up modestly in Assam, this was a remarkable honour. Not only was I able to help one of the world's great global schools, but I also had the chance to gain additional perspective on what it takes to produce a world-class curriculum. Throughout my career, in fact, I've considered how these Western models could be adapted to enhance management education in India.

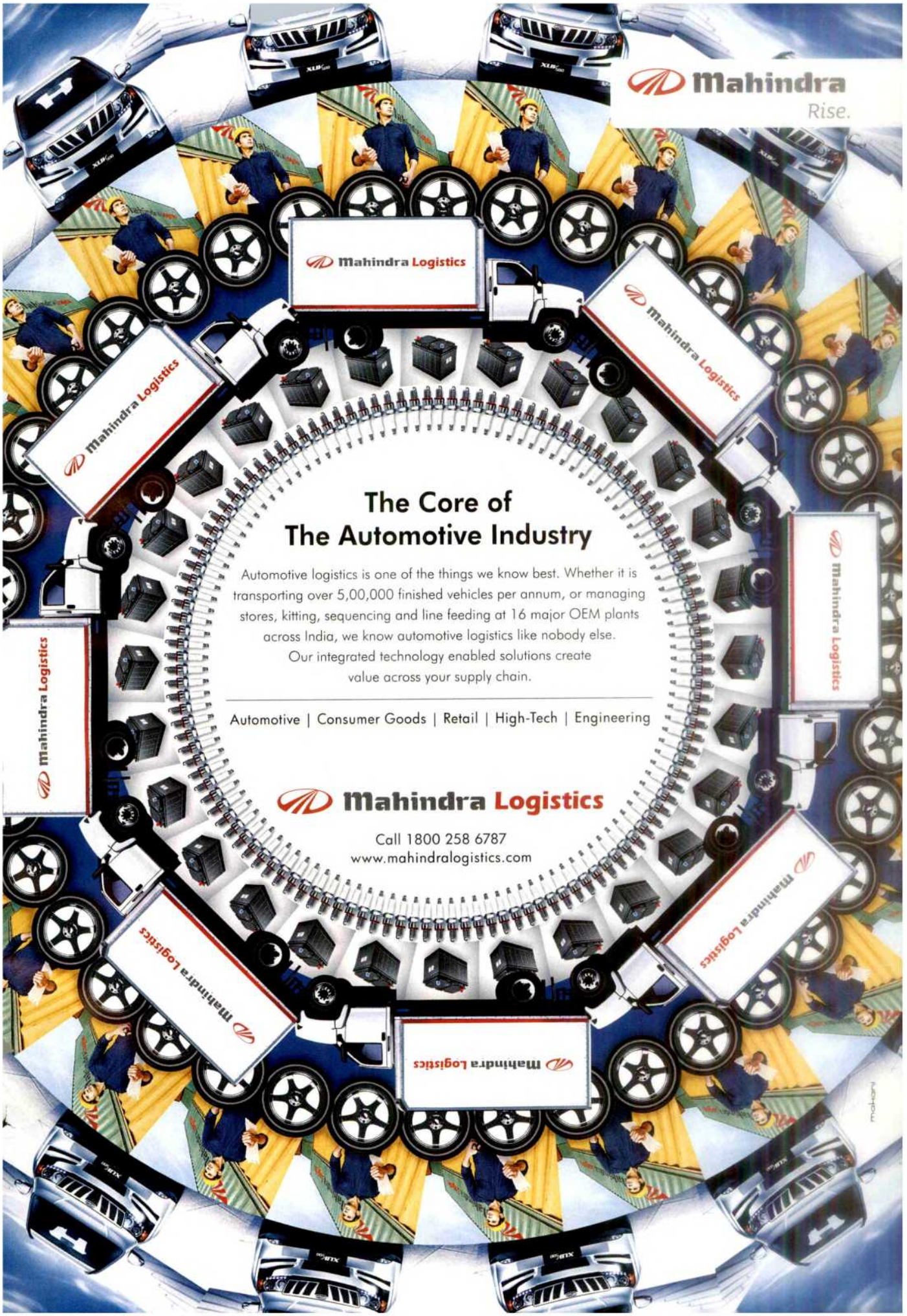
Today, IITs and IIMs are spreading. The quality of students is good but there are not enough teachers. There are practitioners, but not sufficient number of researchers

In creating a model for the Indian Institutes of Technology and Indian Institutes of Management, the late Pandit Jawaharlal Nehru's vision established a metric focussed on merit. His approach employed a very obvious and rigorous filter: the best students in the country would go to the IITs and IIMs. (I was not of that quality, so I never had the privilege to enrol there.) But this process gave rise to a problem. These students were so good that the United States spotted them and took many of them, giving them a new home.

In the US, management education began over 100 years ago – the Wharton School at University of Pennsylvania was the nation's first, launched in 1881; others, including the Tuck School at Dartmouth (1900), and Kellogg and HBS (both 1908), were among the pioneers in this field. Until the 1960s, most US business schools taught their subject through case studies, with the focus on business relevance. From the 1960s to 2000, schools emphasised theoretical perspectives with a focus on analytical frameworks and rigour. To an extent, this change mirrored the increasing complexity of organisations as they became more global and highly driven by modern technology – a trend that had begun earlier but which now accelerated. From 2001, schools started focussing on business ethics and social responsibility.

In comparison, management education in India is about 50 years old, having begun roughly during the second phase in the evolution of its US counterparts. IITs fitted well into this second phase: frameworks with academic rigour. Yet, there was significant socio-economic volatility in India between 1970 and 1990, which curbed these schools' full research potential. Admittedly, when one regards the Indian Institute of Science (IISc), Bangalore, we find a more defined research focus. In hindsight, had India created several IIScs in the 1970s, this approach would have created an exceptionally vibrant research culture.

Today, IITs and IIMs are spreading. The quality of students is good but there are not enough teachers. There are practitioners, but not sufficient number of researchers. The focus at many schools is more on earn-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104 years and ticking: A Harvard Business School class in session

ing rather than learning. This trend has occurred in the US, too, but research there still continues. For Indian institutions to thrive, their faculty needs to receive adequate support for cultivating their research, as in the US.

Still, the demand for this education is so high. Earlier, people used to go to the Indian Administrative Service or State Bank of India probation exams, not management education. But this has changed. Everyone sees MBA graduates succeeding and their own aspirations are fuelled. A key question is how can this demand be converted into meaningful management education? I have some advice for B-school entrepreneurs who want to create an impact in the Indian workplace:

One of the main reasons that private universities deliver excellence in the US is that their tuition fee is significant

Create strategic alliances and partnerships: This strategy is based on "be global by staying local". In other words, focus on your local strengths even while keeping the vision global. It is not necessary to partner with a Harvard. Depending on the tier you are focusing on, there are several US business schools that would make enthusiastic and valuable partners, especially those who want to gain deeper knowledge of the Indian market. People in the US now understand that there are smart people in India outside IITs and IIMs. That's how the Indian School of Business (ISB) started. A potential sticking point is that many of these US schools would be reluctant to confer their institution's formal credential/degree as part of an academic relationship.

Focus on input, throughput and output: Students, faculty, recruiters and alumni are all critical stakeholders whom school leaders must engage constantly to improve the overall educational outcome. One way to strengthen throughput – that is, the actual academic experience – is to identify exceptional faculty and researchers overseas and then entice them to bring their talents to India.

Fund raising is key: One of the main reasons that private universities deliver excellence in the US is that their tuition fee is significant. Even more important, perhaps, is that there is a big intervention, including from alumni, who contribute to endowments and help make student financing available. In India, alumni engagement is largely absent and there is little outreach by faculty to alumni. The big transformation for ISB, for example, will come when its alumni start giving back to the school. This will allow ISB the luxury of not raising tuition fees, but still being able to enrich its research and teaching capabilities. A phenomenon unique in India is that parents have an enormous influence on their children's education. Thus, Indian schools must engage not only potential students and alumni, but also the parents of those people. This vast demographic offers a huge potential source of riches – financial, intellectual and spiritual – that can help differentiate and truly elevate Indian schools to a global level. ◆

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- Ranked Top 20 B-School in North India -The Week
- Ranked A+++ B-School in India -Go Getter (In flight- Go Air- Airlines)
- Ranked Amongst A1 Category in North India -AIMA 2012
- Awarded Best Management Institute in North India -Star News
- Awarded Best B-School with Excellent Industry Interface -UTV Bloomberg
- Awarded Best Management Institute In North India -Brands Academy
- Ranked Amongst Top 15 in Placement among the Private B-Schools of India - Outlook
- Awarded Best Institute for Academic Excellence In Delhi/NCR -Times Research
- Best Infrastructure in Delhi/NCR -B&M Chronicle

*BY BRANDS ACADEMY

ACCURATE

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chools are targeting the diaspora.

AR SHARMA

hired
0 visiting
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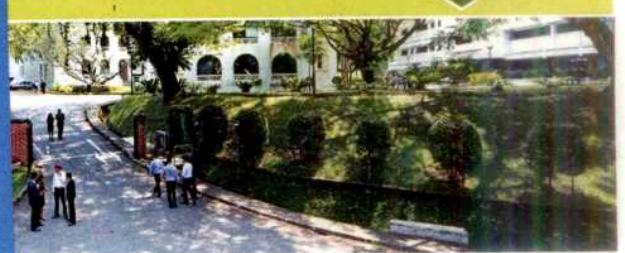
STUDENT PROFILE
Average work experience is 5 years

PLACEMENT
100 per cent; average salary ₹17.5 lakh a year

COURSE FEE
$42,000



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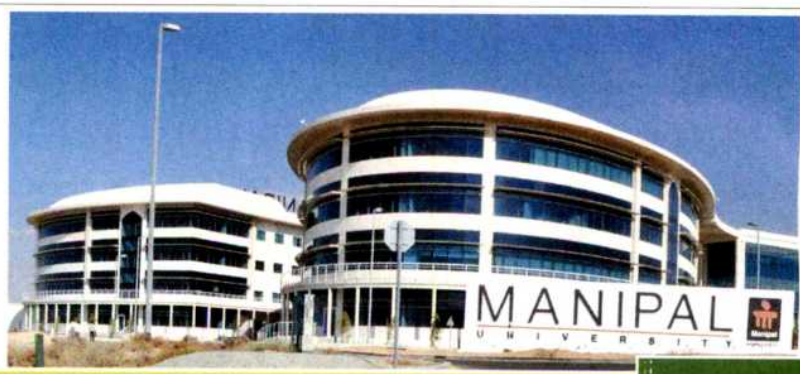
pany, as a manager for West Asia and Africa. It was a turning point in his life. His BTech degree from the College of Engineering Trivandrum, had led to purely technical roles, but now he had a technical-cum-managerial function – at Lloyd's Register, he was involved in negotiations for oil and gas contracts.

Like XLRI, several Indian management institutes have set up schools



MANIPAL GLOBAL EDUCATION SERVICES

PROGRAMME : MBA
DURATION : 2 years
BATCH SIZE : 260

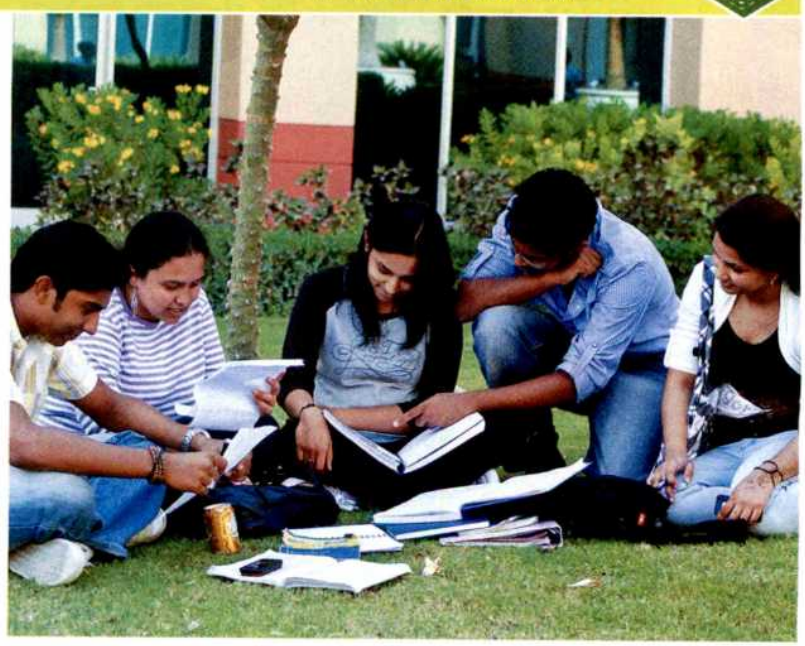
FACULTY
15 resident faculty from international schools, and 15 visiting professors from global and Indian schools

LOCATION
Dubai

STUDENT PROFILE
Professionals who attend classes after office hours

PLACEMENT
100 per cent; average salary increase is 20 to 40%

COURSE FEE
$15,000



outside India, targeting non-resident Indian and international students, many of whom are already working professionals. While the course content and standards of these overseas schools match those back home, the institutes themselves are often structured differently. Some are able to offer students a more enriching experience with global faculty and international exposure.

Besides XLRI, Dubai is home to some leading names from India, such as SP Jain School of Global Management, Manipal Global Education Services, BITS Pilani and the Institute of Management Technology. Some schools offer programmes in other countries also. For instance, the SP Jain School of Global Management is also present in Singapore and Sydney, and Manipal Global Education Services offers an MBA programme in Malaysia.

T.V. Mohandas Pai, who helped shape HR policies at Infosys in its crucial years and who is now Chairman of Manipal Global Education Services, emphasises that Indian business schools need to go global. "Overseas students will get exposed to Indian business culture and practices, and could become a talent pool for Indian companies that are becoming multinational," he says.

It is already beginning to happen. Sriram Rajagopal, Vice President for Human Resources at Cognizant, says: "We have been hiring from SP Jain Singapore and Dubai for the last five years. We recruit from these campuses primarily for our India operations."

Most students at these overseas institutes are Indian expats, though there are also international students of Indian or other heritage. Since many are mid-career professionals, classes often meet in the evenings or on weekends.

Laws in other countries allow such institutions to be for profit – something they cannot do in India. So Manipal Global Education Services is a for-profit school in Dubai and Malaysia. The SP Jain School of Global Management is a for-profit legal entity, separate from the SP Jain Institute of Management in India. The India school was set up in 1981 with a corpus from the late businessman and parliamentarian Shreyans Prasad Jain under the not-for-profit Bharatiya Vidya Bhavan trust. The global school is privately owned by S.P. Jain's grandson Nitish Jain in his personal capacity. "We get global faculty, but we have a long-term relationships with SP Jain Mumbai faculty," says Jain.

XLRI has a local partner in Dubai – the Allied Institute of Management Studies (AIMS). But M. Srimannarayana, Associate Dean of the Jamshedpur institute, says: "XLRI ensures that 100 per cent faculty inputs are from XLRI India for all the pro-

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XLRI

PROGRAMME : PGDM (via Allied Institute of Management Studies)
DURATION : 3 years, part-time
BATCH SIZE : 45-60

FACULTY
100 per cent visiting faculty from the Jamshedpur institute

LOCATION
Dubai

STUDENTS
Professionals who attend class after office hours

PLACEMENT
Students already have jobs; salaries usually go up

COURSE FEE
$20,500

grammes in Dubai." He adds that faculty members in India travel to do teaching stints in Dubai.

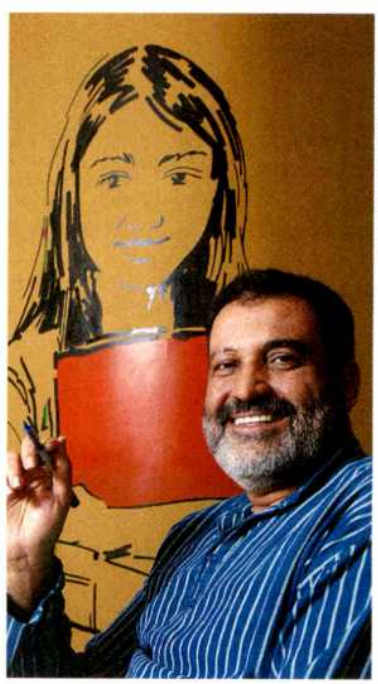
Predictably, the overseas branches of Indian management schools leverage their locations to give their programmes the edge. Jain says: "Ours is a very integrated MBA programme that spans three cities – Dubai, Singapore and Sydney." So students in the 12-month programme spend four months in each city. Jain says: "Because each city is different politically, culturally and economically, the learning becomes quite amazing."

Many institutes customise programmes based on industry and geography. "At present, programmes from XLRI Jamshedpur are being offered to UAE target segments with customisation, in line with local needs and expectations," says XLRI's Srimannarayana. "AIMS in partnership with XLRI promotes short programmes designed for various industry sectors in the UAE."

Almost all global branches of Indian institutes offer courses for local mid-career professionals. "Our target audience is employed youth who are looking at furthering their skills and who aspire to move up the corporate ladder," says S. Vaitheeswaran, Managing Director and CEO of Manipal Global Education Services. The institute started in Dubai in 2003/04 with 20 to 30 students in a batch. Today, batch size has grown to 260 and, besides the school in Kuala Lumpur, it has got a licence to start an online university. "It will be a 100 per cent online university, registered in Kuala Lumpur," says Vaitheeswaran. He adds that it will kick off with an MBA programme.

"Overseas students could become a talent pool for Indian companies that are becoming multinational"

T.V. MOHANDAS PAI,
Chairman, Manipal Global Education Services



DEEPAK G. PAWAR

Since many students are working, placement is not as big an issue as it is back home, but still, some schools are active on this front. Placement matters more for schools such as SP Jain School of Global Management, which take only full-time students. "We have seven career offices Dubai, Delhi, Mumbai, Bangalore, Singapore, Shanghai and Sydney," says Jain, adding that salaries often jump almost threefold.

The fee for SP Jain's one-year global MBA programme is $42,000, which includes accommodation in three cities. Typically, fees for global programmes are around 30 per cent higher than in India, although recent increases are partly due to rupee depreciation.

Some students enrol in hopes of a better job or fatter salary. For others, a global MBA whets their appetite to study further. XLRI Dubai alumnus Abraham is now working on his PhD in marketing at XLRI Jamshedpur. ◆

Send your comments to editor.bt@intoday.com

PGDM

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17 Years of Establishment

1470 Strong and Connected Alumni

Global Learning

- Study Abroad Programme (recent trips to China, Finland and Slovenia)
- Joint Research, Collaborative Projects and Course Delivery with partners in USA, Europe

Industry Interaction & International Certifications

- Student mentoring, training and curriculum integration through industry practitioners
- Industry engagement through Leader- Speaker Series and Live Projects
- Certifications from Toastmasters International (Communication) and SHRM/NASSCOM (Industry skills)

Futuristic Curriculum

- Industry-Academia engagement for curriculum development and review
- Cutting-edge Curriculum (ex. core courses in Innovation, Entrepreneurship, Analytics) delivered by outstanding research driven and industry focused faculty

Rankings

- Ranked 40th in Pvt. B-Schools of India - *Career 360*
- Ranked 6th in Top 49 B-Schools of Excellence - *CSR GHRDC*
- Rated A+ Institute - *Business India*
- Top B-School with Best Industry Interface -*DNA*
- Ranked 9th in B-Schools - *Bhaskar Lakshya*
- Top B-School with Best Academic Inputs in Finance - *Dewang Mehta*

Select Recruiters (2012)

Finance	Marketing	IB	HR/IT/Ops
Capital IQ	ITC	Siesta	Capgemini
Ernst & Young	future group	SAFEXPRESS	GENPACT
Deloitte.	ITC Limited	NEDLLOYD LOGISTICS	MANCER
IDBI BANK	RELIANCE	epsilon	healthkart.i
FEDERAL BANK	Neilsoft	DelEx	Mirus

Alumni Speak

"The FIIB MBA prepared me for a broad range of career alternatives. It gave me the opportunity to think out of the box, mentored me to look at situations with an innovative mindset; and helped me to be a strategist rather than a myopic"

- **Satyabinda Nayak, Batch 1998**
Senior Consultant, Govt. of British Columbia, Canada

"FIIB has prepared me for a career as it goes beyond traditional content and methods of learning. Leadership opportunity in a national entrepreneurship conference (*Meraki*) and differentiated courses like *Innovation, Persuasion, Powers* have been instrumental in my promotion within 2 months of my first campus job"

- **Riddhi Singh, Batch 2012**
Assistant Manager, Future Education

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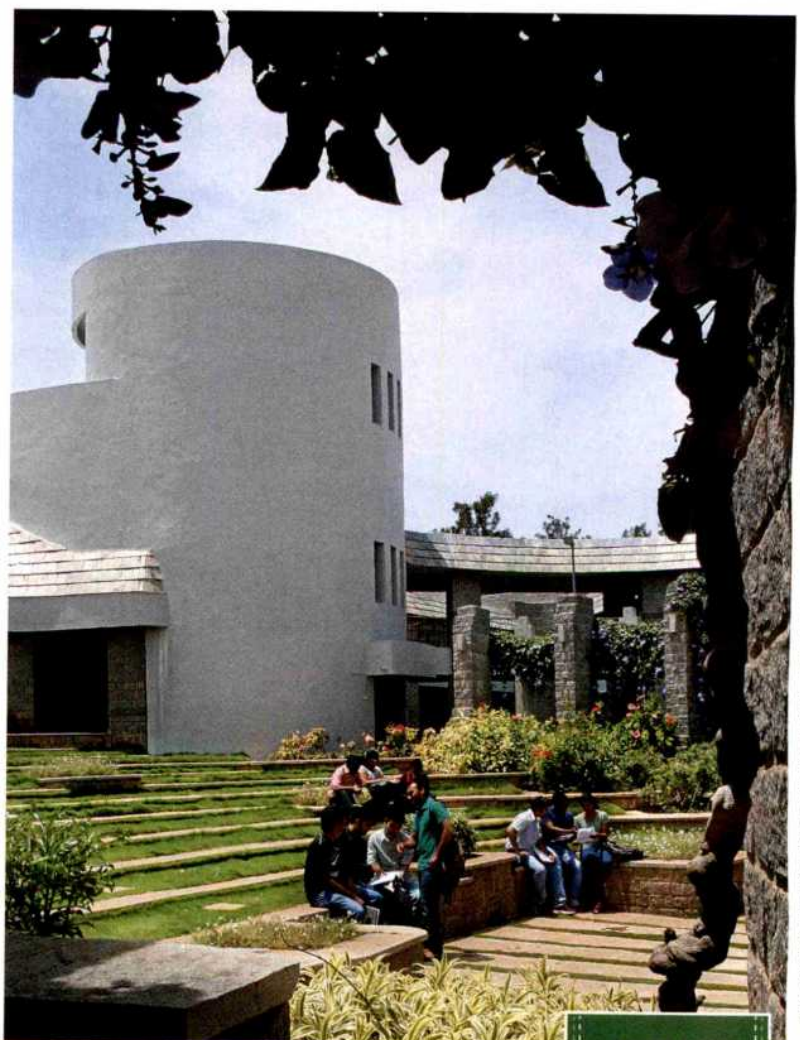
Far from the Madding Crowd

B-schools in isolated areas are battling odds to offer the best education and placements to students. By K.R. BALASUBRAMANYAM, E. KUMAR SHARMA and ANAND J.

The *New York Times* mentioned Mysore as a must-see place in its annual travel listings two years ago. The city, ruled by the Wadiyar kings until Independence, is hot on India's tourism circuit. Foreign tourists routinely camp here for months to learn yoga. The city, with little or no corporate presence, is seen as a pensioners' paradise. The nearest operational airport at Bangalore is a good four-hour drive away.

Can a B-school in such a place, away from industry hubs, offer the best education and exposure to students? "Our founders chose Mysore not for a lack of choice, but seeing it as an ideal place to provide education," says N.R. Parasuraman, Director of Shri Dharmasthala Manjunatheshwara Institute for Management Development (SDMIMD).

The name derives from Dharmasthala, a famous centre of worship in Karnataka, about 225 km from Mysore. The head of the temple, D.Veerendra Heggade, set



DEEPAK. G. PAWAR/www.indiatodayimages.com

SDMIMD* Mysore, Karnataka

COURSE	: MBA
DURATION	: 2 years
COURSE FEE	: ₹8.4 lakh

*Shri Dharmasthala Manjunatheshwara Institute for Management Development

ANNUAL INTAKE : 180 students

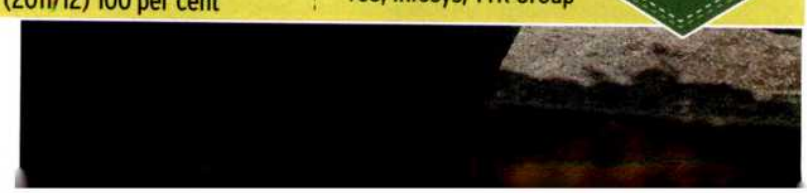
NEAREST METRO AND DISTANCE
Bangalore (140 km)

PLACEMENT SCORE
(2011/12) 100 per cent

NO. OF RECRUITERS IN 2012
43

MAJOR HIRERS
TCS, Infosys, TTK Group

AVERAGE SALARY
₹5.6 lakh



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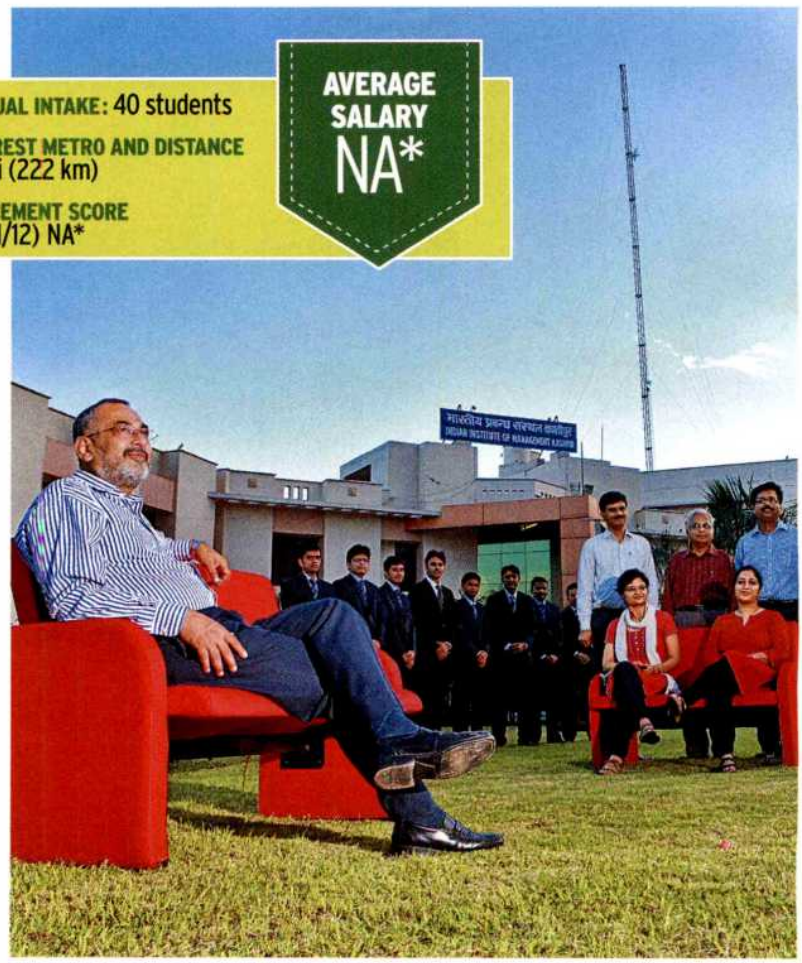
IIM Kashipur, Uttarakhand

COURSE : Post-Graduate Programme in Management
DURATION : 2 years
COURSE FEE: ₹8 lakh

ANNUAL INTAKE: 40 students
NEAREST METRO AND DISTANCE Delhi (222 km)
PLACEMENT SCORE (2011/12) NA*

AVERAGE SALARY NA*

* Not applicable. The first batch from the institute graduates in 2013



ADITYA KAPOOR

up the B-school on a 10-acre plot at the scenic foothills of Chamundi in Mysore in 1994.

For any B-school in a small city, the biggest challenges are attracting top-flight faculty and ensuring placements. SDMIMD has delivered on both counts, asserts Parasuraman. The faculty attrition has gradually come down to zero because of the academic environment on the campus, he says. For placements, the school is following a well thought out plan. "The companies can interview our students either on the campus, or through video-conferencing, or even at Bangalore. There is a fourth option too. If a company requests, we send our students to its office, but that happens quite rarely," says Parasuraman.

The strategy appears to have paid off. For the 2011/12 batch, 43 companies recruited from the school at an average annual salary of ₹5.6 lakh. At a fee of ₹8.4 lakh for a two-year management programme, SDMIMD is not cheap. Yet it has students from all corners of the country – of the 180 students in the 2012/14 batch, 114 students are from 22 states, excluding Karnataka. "I chose this institute because we get single-room accommodation here and the placements are 100 per cent," says Priya Batra from Bhopal.

Most of the other prominent B-schools in smaller cities too have well crafted strategies in place to offer the best to their students. For example, the two new Indian Institutes of Management (IIMs) at Shillong in Meghalaya and Kashipur in Uttarkhand. Travelling to Shillong can be time consuming and arduous. The nearest metro is Kolkata, 1,100 km by road. Shillong has an airport but there are few direct flights – the nearest well connected airport being Guwahati, about 100 km away. But the four-year-old B-school has found a way around the problem of distance by using the web as a means of communication with faculty and the industry.

MOST SMALL-TOWN B-SCHOOLS RELY ON TECHNOLOGY AND WEB-BASED TOOLS TO OFFER THE BEST TO THEIR STUDENTS

The institute has quite successfully deployed open-source web conferencing tools and configured them to its requirements. Last year, visiting faculty S. Jagadish conducted 90 per cent of his classes on corporate information strategy at IIM Shillong using a slew of web tools, and kept his visits to the campus to a bare minimum. The institute also encourages corporates to use the facility for job interviews if they are not able to visit the campus. According to Merlvin Mukhim, corporate and public relations officer at the school,

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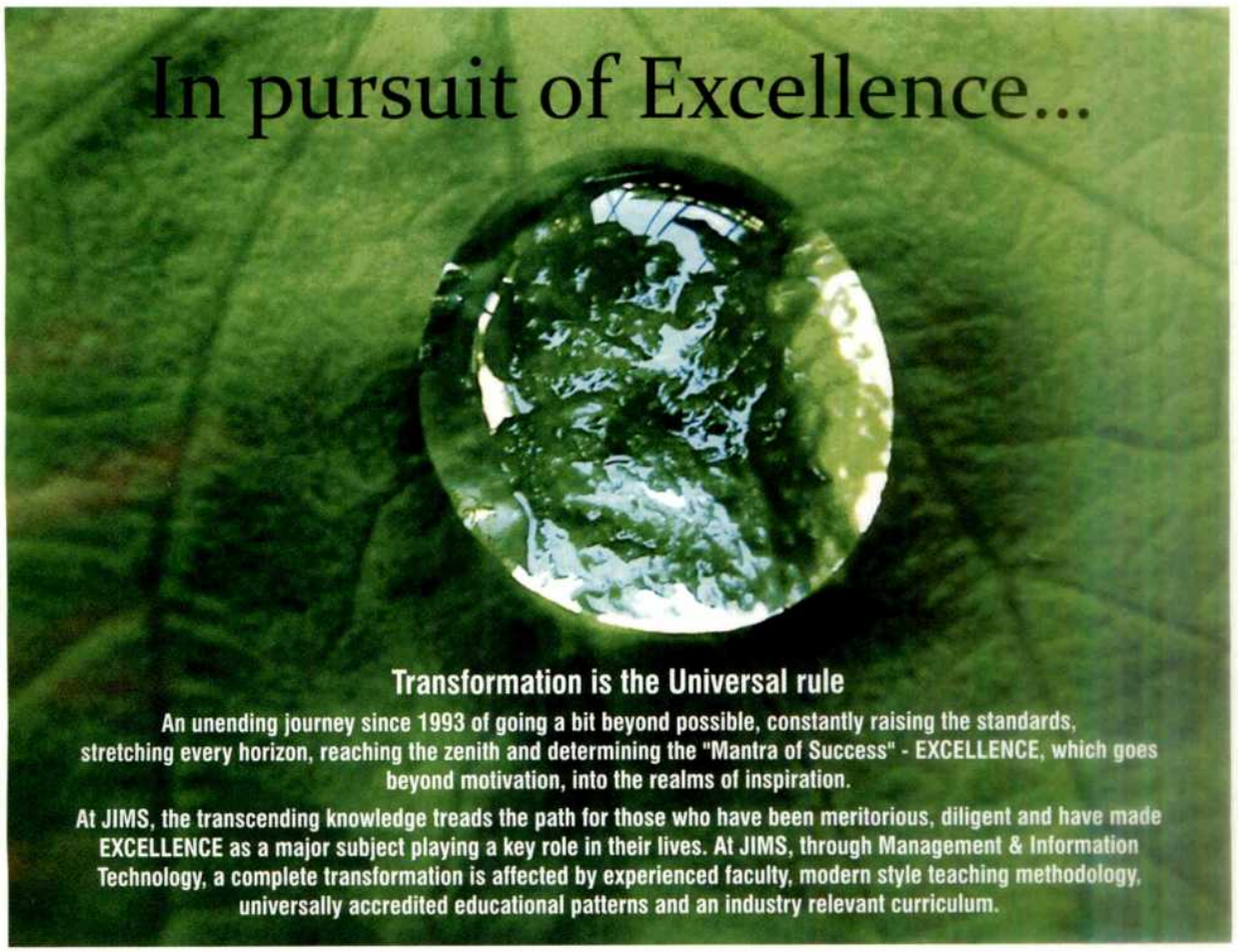

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PGDM-RM
2013 -2015 {IV Batch}*
(Approved by All India Council for Technical Education)

Awards & Rankings

Star News National Best B-School Leadership Award

Survey by AIMA: JIMS Rohini is graded A2 in All India

Survey by THE WEEK magazine: JIMS Rohini is on 10th position in North Zone Top 10 Ranking & 48th position in Top 26-75 B-Schools

survey by Mail Today: JIMS Rohini is on 4th position in Top 5 B-Schools 3rd position in Top 5 Placements

*2nd shift only

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For more on the story go to
www.businesstoday.in/parasuraman

last year around 30 of 93 students had job interviews through video-conferencing. Some more attended interviews at company offices.

The initiatives, overall, have worked well. The 2011/12 batch was placed at an annual average salary of ₹12 lakh. Basav Roychoudhury, professor of information systems, says the institute is now trying to encourage other colleges in the region to start using web tools as well for academic and other purposes.

To retain faculty, the institute is offering other incentives as well. For instance, IIM Shillong has built contacts with some of the leading schools in the town to facilitate hassle-free admission for the children of faculty members.

The year-old IIM at Kashipur in Uttarkhand can pick up a few useful lessons from Shillong. The town has its own odds. The nearest airport at Pantnagar is two hours away by road and, like Shillong, it is not well connected with the rest of the country. Delhi, the nearest metro, is about six hours by road or train.

The school's present temporary location though is a nature lover's delight. It is surrounded by lush green fields of paddy and sugarcane. The Jim Corbett national park and Nainital are also nearby. The forests and hill stations will surely draw quality teachers, feels K N. Badhani, a faculty member. The director, Gautam Sinha, shows mails from three US-based professors expressing their willingness to shift to Kashipur. "The location does not matter much with technology fast evolving to make distances redundant. All the more so for a brand like IIM," says Sinha, who claims the institute is ahead of other B-schools in using latest technologies. "Our server is on Google Cloud."

Sinha points out that Indian Institute of Technology, Kharagpur, is among the best engineering colleges in the country, though the town is in a remote corner.

What holds immense hope for the B-school is the way the Rudrapur-Pantnagar-Kashipur corridor is shaping up as an industrial belt. The area already hosts some leading names such as Tata Motors, Ashok Leyland and Bajaj Auto.

Meanwhile, a few companies have already promised to be part of IIM Kashipur's first placement season next year and about 899 teachers have applied for faculty positions. The institute is in the process of setting up its permanent campus nearby on a 200-acre plot.

The B-schools in the small towns are expected to evolve into townships of their own. The government too deliberately chooses tier three towns to locate new IIMs so that they acquire distinctive identities and develop courses and curricula that are innovative and unique, says an official in the Human Resource Development Ministry. ◆

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Of Milk and Honey

Mann Deshi Udyogini's unusual curriculum is helping women in rural Maharashtra emerge from poverty. By ANUSHA SUBRAMANIAN

PHOTOGRAPHS BY RACHIT GOSWAMI

Chetna Gala Sinha (left) with Surekha Kale, a goatherd and student of Mann Deshi Udyogini

Surekha Vijay Kale, 27, a goatherd, earns ₹150 to ₹200 per month selling milk and doing odd jobs. Once in four months she sells a goat and earns up to ₹8,000. Thanks to a six-day goat-rearing course, she has learnt about vaccines, de-worming, feeding and cures for common ailments affecting the hircine species. "I am now able to take care of my goats. They fetch me good returns," says Kale.

Meenakshi Mahajan, 33, an entrepreneur, has been running a college canteen and a hostel mess for girls for the last few years. She also takes catering orders for parties, festivals and birthdays. Mahajan is now a successful food entrepreneur, with a 12-member staff, and earns about ₹25,000 per month after all expenses are paid.

The credit for Kale and Mahajan turning entrepreneurs goes to Mann Deshi Udyogini, a 'B-school' for rural women in Mhaswad, in Maharashtra's Satara district. Mann Deshi Udyogini is not your average B-school and its students are most unlike typical management students. They are goatherds, vegetable vendors, roadside tea sellers, daily-wage labourers and homemakers, among other things. The classrooms are also unusual. The goat herding course, for instance, is taught in the fields.

The school offers approximately 19 skill-development courses. While goat rearing and veterinary courses are in demand, there are others that are equally popular, such as tailoring, bag making and blanket making. In addition, the institute offers computer training, English language training, and personality development programmes. The duration of each course varies from just a day to three months, and schedules are often adjusted to suit the women. Admission fees range between ₹10 and ₹650, depending on the course.

Mann Deshi Udyogini was founded by social activist Chetna Gala Sinha in 2006 with the support of HSBC Bank. The business school is run by Sinha's Mann Deshi foundation. Apart from the school, the foundation runs a bank. Mann Deshi

For a video on the institute, go to www.businesstoday.in/mdu

IN THEIR 'A' DAYS P122

The Mann Deshi Udyogini B-school has **5 BRANCHES** and 2 mobile business schools

46,243 students have graduated from these B-schools since 2006

10,000 agri businesses have been set up or improved by the B-schools

₹10-650 Fee range for courses at the school

Mahila Sahakari Bank, which provides financial access to rural women, and a community radio station for the people of Mhaswad.

For the women of Mhaswad and surrounding regions, the school is a godsend. Once a prosperous village with a thriving handloom weaving industry and productive cotton fields, it is now drought prone. Most of its men have either migrated to cities or are unemployed. In most households, women have to provide for their families. In the last five to six years, Mhaswad has turned into a community of goatherds, shepherds and daily-wage earners.

The institute targets school dropouts and women without formal education, training them to become entrepreneurs through vocational courses and shake off the shackles of poverty. "Our mission is to not only impart training but also make these women financially independent, self-sufficient and confident," says Sinha, who is fondly called *bhabhi* or *didi* by the villagers.

The rural B-school has not been built on any particular model. Sinha explains that it has taken into account the learning demands of students in designing its technical or vocational courses. "Through self-help groups, we continually survey grassroots demand to identify courses that will most benefit students. This is to ensure that the skills offered through the courses have real value and demand in the marketplace," says Sinha.

Each course has three important components: technical skills, financial literacy/marketing skills and confidence building. Technical training accounts for nearly 60 per cent of the course. After the training, students are given financial training customised to their profession. This helps new entrepreneurs make sound financial decisions as they start their businesses, take loans and expand over the long run. Mann Deshi also gets already successful entrepreneurs to share their success stories with the women to motivate them.

Today, many of the women entrepreneurs sell their products in local markets as well as to organisations. Bharti Bhosle makes and sells leather and cotton bags, cushions, pouches and blankets in Mhaswad and nearby markets. Her products are also pro-

Empowering Rural Women

On The Go: One of Mann Deshi Udyogini's mobile business schools during a stop at Mahabaleshwarwadi, in Maharashtra's Satara district

cured by the Pune-based Smile Vishram organisation. "We have been procuring goods from Bhosle over the last year and selling them in our stores in Pune. The finish and the materials used are very good," says Pradeepta Kulkarni, a senior supervisor at Smile Vishram.

In 2010, Udyogini launched a programme called '1000 Deshi Entrepreneurs' to create local entrepreneurs. "The Deshi Entrepreneurs initiative serves as a flagship programme for the 'mini MBA' curriculum that we have designed. Participants learn essential business strategies, such as how to manage their working capital, set up a distribution channel and develop a marketing strategy," explains Vanita Shinde, Chief Administrative Officer of Mann Deshi Udyogini.

In an effort to reach out to more women, Sinha decided to launch a Mobile Business School (MBS). This is a bus equipped with tailoring machines and laptops, which goes to remote villages and helps women learn skills. Today, Udyogini runs five branches of its business school and two Mobile Business Schools in association with Bonita Trust, Godfrey Philips and Vitol Foundation. In the past year, it has trained over 20,000 women, half of whom attended its mobile schools. "Udyogini's mission is to train and create one million entrepreneurs," says Sinha.

In order to supplement the B-school learning, Sinha launched a community radio station in 2008. The station, named Mann Deshi Tarang, provides the people of Mhaswad a platform to voice concerns, express creativity, promote development and preserve their culture. It broadcasts programmes on financial literacy, marketing, child and health care for an hour each in the morning and evening.

Bespoke Learning: A tailoring class

Mann Deshi Udyogini has attracted interns from foreign universities such as Yale Business School, Harvard Business School and Columbia University for developmental studies. Barring Mumbai's S.P. Jain Institute of Management and Research, the interest among top Indian B-schools has been tepid.

Sinha's institute offers two types of internship, a summer internship and a volunteer programme, where an intern chooses a particular project and works on it for at least for four months. Emily Rose Tormey, 21, currently an undergraduate at Yale, interned with Mann Deshi Udyogini between June and August this year. Describing her experience, she says: "One of the nicest things about working with Mann Deshi is that it gives interns a lot of freedom to choose which project they would like to work on. I expressed interest in working with the Chamber of Commerce, one of the newest programmes under the Udyogini Business School." During her internship, Tormey says she learnt about microfinance and non-profit operations. "Although Yale gave me a theoretical and academic foundation, in India I was able to develop an understanding of what it takes to make an organisation of Mann Deshi's calibre run."

Over the years, the school has become a symbol of empowerment for women trying to shake off the shackles of poverty. It operates only in Maharashtra, but work is on to replicate the model in Assam. Plans are also being drawn up to start similar schools in Gujarat and Jharkhand. Someday Sinha's Udyogini may well empower rural women in different parts of the country. ◆

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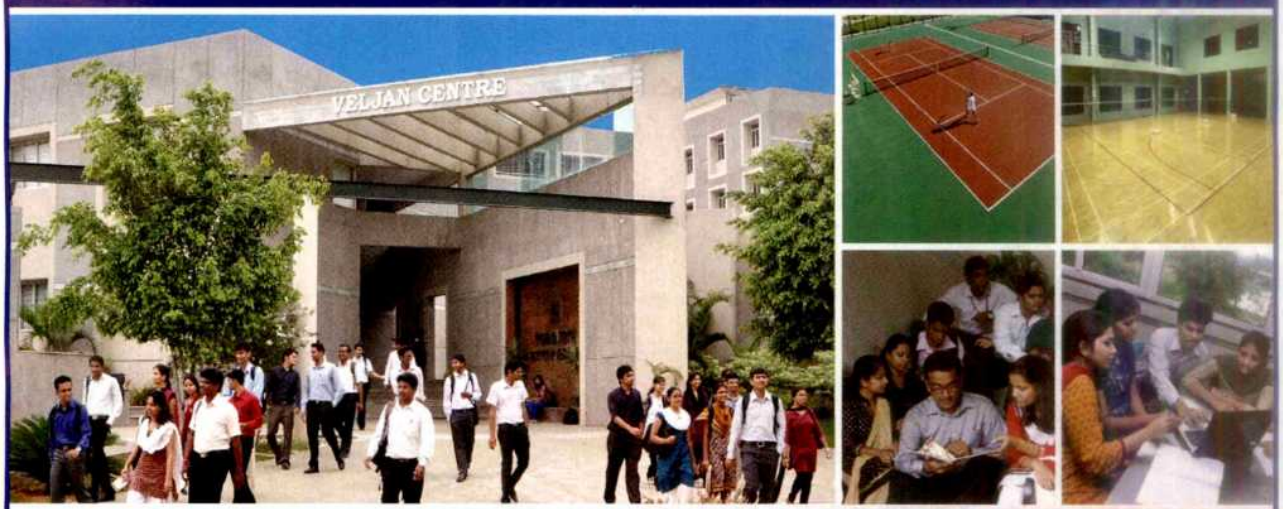

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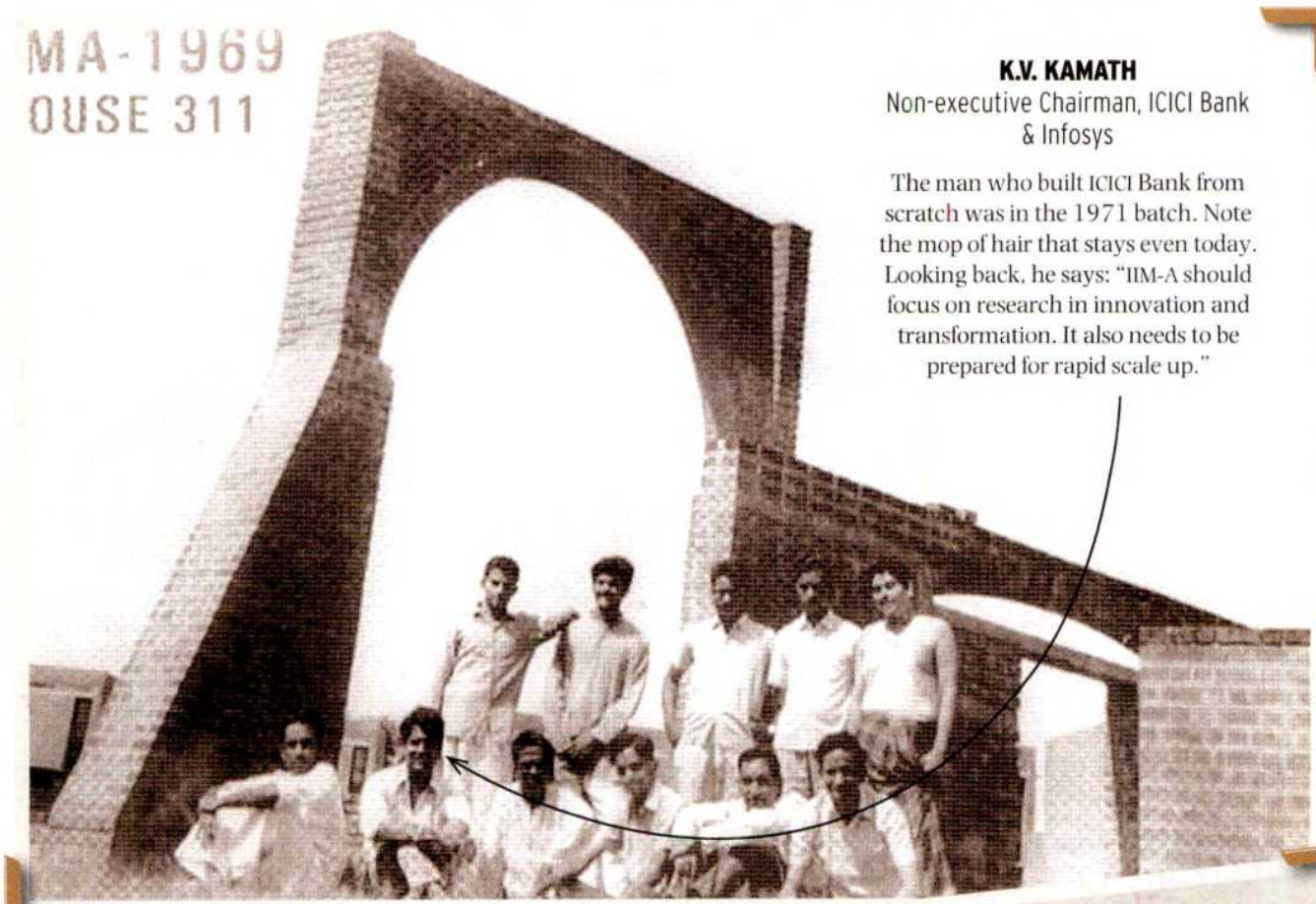
In Their 'A' Days

Several stalwarts emerged have emerged from Indian Institute of Management, Ahmedabad. Snapshots from their personal archives



K.V. KAMATH
Non-executive Chairman, ICICI Bank & Infosys

The man who built ICICI Bank from scratch was in the 1971 batch. Note the mop of hair that stays even today. Looking back, he says: "IIM-A should focus on research in innovation and transformation. It also needs to be prepared for rapid scale up."

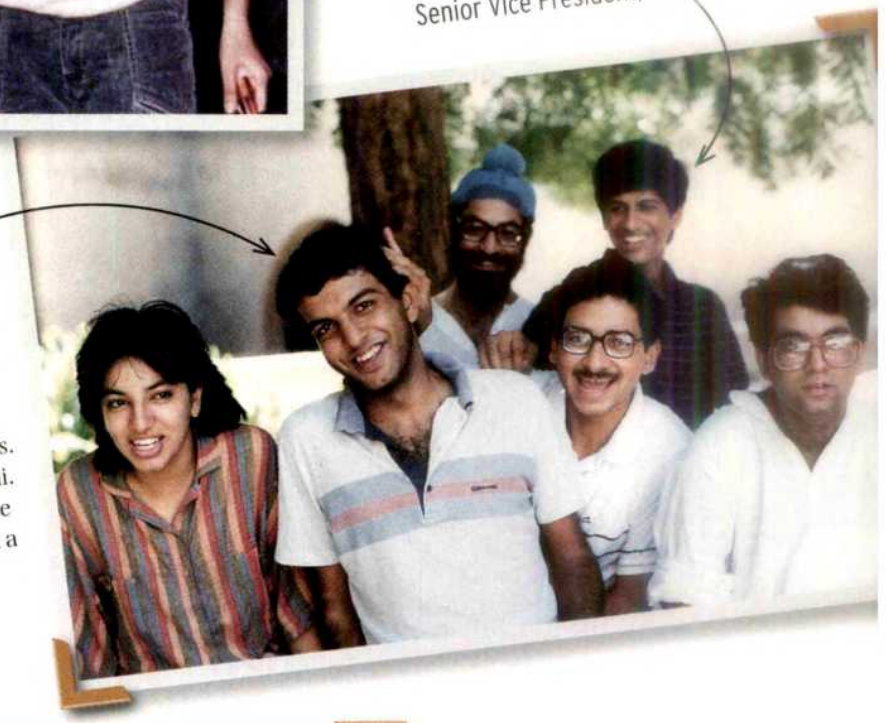
KAPIL KAPOOR
Chairman, Timex Group, India & COO, Timex Group, US

The picture of Kapoor and four buddies was taken on their dormitory's 'Corporate Day' in 1987. Each dorm had a 'corporate day' when those residing there were required to go to dinner in formals. "Invariably, all the other dorms would plan to throw water on the corporate types.... so we would get to the dinner totally drenched," recalls Kapoor.

ROOPA KUDVA
Managing Director & CEO, CRISIL

Part of the 1986 batch, she is all smiles after winning an inter-collegiate table tennis match on behalf of IIM-A along with partner Saira Verghese (now Stephanos).

VENKATESH KINI
Senior Vice President, Coca Cola India



SANJEEV BIKHCHANDANI
Founder-Director, Info Edge (India)

Unlike now, he had a crown of thick hair in 1988, towards the end of his first year at the institute, when the picture was taken. "It was outside Dorm 4 which was my dorm," he says. To his right is his future wife, Surabhi. Has anything changed at IIM-A since his time? "The student body has got a lot less diverse now," Bikhchandani says.

DEEP KALRA
Founder & CEO, MakeMyTrip.com

With close friends, all of whose names Kalra still remembers, attending a music concert at the Louis Kahn Plaza within the IIM-A premises, in 1990/91. What should IIM-A do to remain the best? "It should include more courses that deal with new trends," he says.

The Way They Were

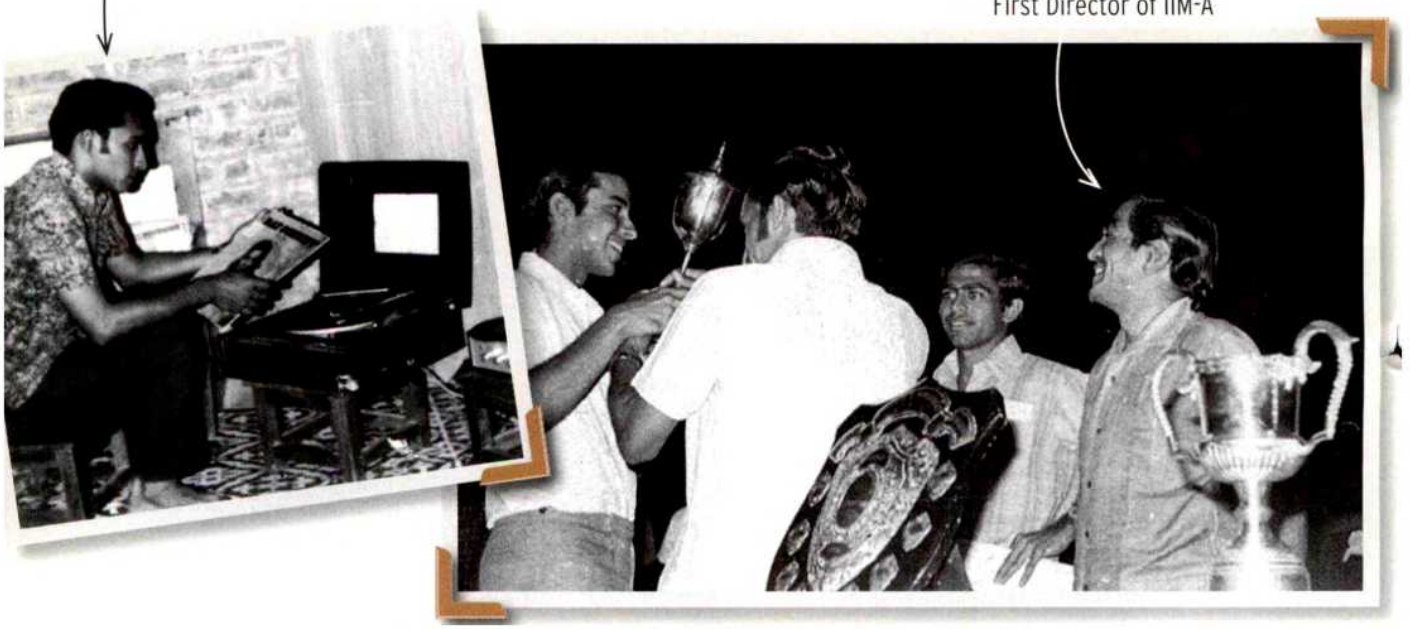
PHANEESH MURTHY
CEO, iGate

Part of the 1987 batch, taking a brief respite from participating in a garba on the campus. To his immediate right, in blue kurta, is his wife-to-be, Jaya.

AJIT MANTAGANI
Founder, Gameplanconsultancy & ex-CEO Arvind Mills

From the IIM-A's 1973 batch, sitting in his dorm (left) listening to a long-playing (LP) record. (Right, with back to camera) Receiving a trophy for winning a cricket tournament from Ravi Mathai, the man who built IIM-A and was its first full-time Director.

RAVI MATHAI
First Director of IIM-A



MALLIKA SARABHAI
Hon director, Darpana Academy of Performing Arts

A relatively low presence of female students continues to be a challenge at IIM-A, but it can count Mallika Sarabhai, daughter of founder Vikram Sarabhai, among its distinguished alumni. Here she is on the campus, part of the 1974 batch. A leading classical dancer, she has acted in films and is also known for her leading role as human rights activist.

SANTOSH DESAI
Managing Director & CEO, Future Brands, India

At a cultural event on the campus in 1988. How does he look back on IIM-A? "At the time, I didn't think I had learnt much there, but looking back I know it did teach me a lot," he says. Such as? "That the most amazing minds come in unexpected packages and preconceptions are both stupid and dangerous."

S.V. RAO
Senior Vice President, Nuziveedu Seeds

Ruminating over a bottle of Coke at his hostel dorm, in 1973.

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IIM Shillong falls steeply from No. 9 to No. 47

RANK 52-102

Overall: Order of Merit

RANK 2012	RANK 2011	INSTITUTE	TOTAL SCORE	FACTUAL SCORE	FACTUAL RANK	PERCEPTUAL SCORE	PERCEPTUAL RANK	BASE*	WEIGHT*
1	3	Indian Institute of Management, Ahmedabad (IIM-A)	1,701.9	824	5	878	1	83	1
2	2	Indian Institute of Management, Calcutta (IIM-C)	1,677.1	827	4	850	3	70	1
3	10	Faculty of Management Studies, Delhi (FMS Delhi)	1,676.6	862	1	815	10	77	1
4	10	XLRI School of Business and Human Resources, Jamshedpur	1,664.3	844	2	820	7	72	1
5	1	Indian Institute of Management, Bangalore (IIM-B)	1,606.6	743	19	864	2	85	1
6	4	Indian Institute of Management, Indore (IIM-I)	1,605.9	777	9	829	6	75	1
7	16	Narsee Monjee Institute of Management Studies (NMIMS), Mumbai	1,586.1	772	10	814	11	60	1
8	27	Management Development Institute (MDI), Gurgaon	1,566.8	730	25	837	4	44	1
9	6	Indian Institute of Management, Kozhikode (IIM-K)	1,561.7	732	23	830	5	72	1
10	15	S.P Jain Institute of Management and Research, Mumbai	1,554.0	779	8	775	29	76	1
11	17	Jamnalal Bajaj Institute of Mgmt. Studies (JBIMS), Mumbai	1,553.4	745	17	808	13	70	1
12	29	Department of Management Studies (IIT Roorkee)	1,539.5	720	29	819	8	75	1
13	24	Institute of Management Technology (IMT), Ghaziabad	1,536.7	749	14	788	19	72	1
14	13	Symbiosis Institute of Business Management (SIBM), Pune	1,528.8	726	26	803	16	98	1
15	43	National Institute of Industrial Engineering (NITIE), Mumbai	1,518.9	737	22	782	22	56	1
16	19	ICFAI Business School (IBS Hyderabad)	1,516.0	712	35	804	15	71	1
17	24	Xavier Institute of Management , Bhubaneswar (XIM-B)	1,511.4	747	15	764	33	79	1
18	35	Shailesh J. Mehta School of Management (IIT Bombay)	1,503.1	717	32	786	20	86	1
19	14	Department of Management Studies (IIT Delhi)	1,502.9	686	55	817	9	67	1
20	12	Symbiosis Centre for Mgmt. and HR Development, Pune	1,495.9	694	48	802	17	91	1
21	44	Prin. L. N. Welingkar Inst. of Mgmt. Dev. & Research, Mumbai	1,488.0	743	19	745	42	56	1
22	40	Institute of Rural Management, Anand (IRMA)	1,485.5	680	57	806	14	54	1
23	21	Birla Institute of Mgmt. Technology (BIMTECH), Greater Noida	1,480.0	739	21	741	44	73	1
24	7	Indian Institute of Foreign Trade (IIFT), New Delhi	1,477.5	746	16	731	51	84	1
25	26	Xavier Inst. of Mgmt. and Entrepreneurship (XIME), Bangalore	1,476.5	744	18	733	49	65	1
26	45	Department of Management Studies (DOMS-IIT Madras)	1,473.8	662	65	812	12	73	1
27	47	Loyola Institute of Business Administration (LIBA), Chennai	1,469.9	713	34	757	35	72	1
28	42	Goa Institute of Management (GIM), Goa	1,468.2	723	27	745	41	67	1
29	32	Institute for Technology and Management (ITM), Mumbai	1,467.5	689	51	778	24	75	1
30	34	Institute of Management, Nirma University, Ahmedabad	1,461.8	705	40	757	36	65	1
31	NR	Institute of Management Technology (IMT), Nagpur	1,459.2	703	42	756	37	74	1
32	NR	Doon Business School, Dehradun	1,457.8	682	56	776	27	41	1
33	28	Birla Institute of Technology and Science (BITS), Pilani	1,457.0	680	57	777	25	71	1
34	41	Amity Business School, Noida	1,450.8	751	13	700	66	86	1
35	37	International Management Institute (IMI), Delhi	1,441.4	718	31	723	57	68	1
36	NR	Presidency College, Bangalore	1,440.5	723	27	718	60	46	1
37	49	Christ University Institute of Management (CUIM), Bangalore	1,434.4	772	10	662	85	56	1
38	37	Lal Bahadur Shastri Institute of Management (LBSIM), Delhi	1,430.5	655	72	775	28	52	1
39	NR	I.T.S Institute of Management, Greater Noida	1,424.9	717	32	708	62	40	1
40	30	K J Somaiya Institute of Mgmt. Studies & Research, Mumbai	1,424.0	832	3	592	115	37	0.9
41	NR	Amrita School of Business (ASB), Coimbatore	1,423.0	655	72	768	32	40	1
42	NR	Fortune Institute of International Business (FIIB), Delhi	1,422.4	648	75	774	30	56	1
43	NR	Regional College of Management (RCM), Bhubaneswar	1,416.1	780	7	636	99	27	0.8
44	NR	Acharya Institute of Mgmt. and Sciences (AIMS), Bangalore	1,411.2	784	6	627	102	65	1
45	47	T. A. Pai Management Institute (TAPMI), Manipal	1,403.3	731	24	672	80	36	0.9
46	20	ICFAI Business School (IBS Mumbai)	1,401.5	659	68	742	43	64	1
47	9	Rajiv Gandhi Indian Institute of Management (IIM Shillong)	1,384.0	703	42	681	74	60	1
48	NR	ICFAI Business School, (IBS Pune)	1,379.8	603	97	777	26	73	1
49	NR	Jaipuria Institute of Management (JIM), Jaipur	1,374.2	667	61	707	63	49	1
50	NR	Balaji Institute of Telecom and Management (BITM), Pune	1,365.5	639	80	726	56	58	1
51	NR	Institute for Technology and Management (ITM), Chennai	1,364.9	582	122	783	21	48	1

*For perception survey only; see *The Base and the Weights* on Page 50 for details • NR: Not Ranked • Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey. • Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents *Source: BT*-Nielsen India's Best B-schools Survey 2012

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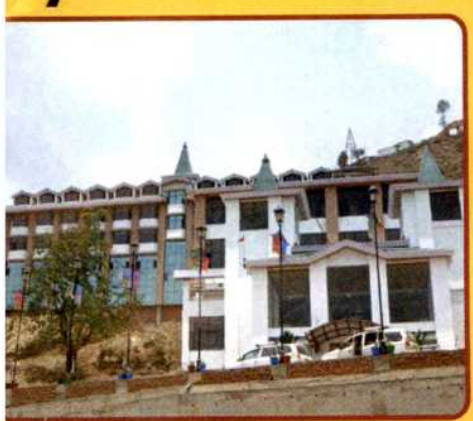

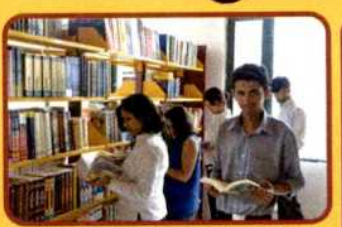

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Overall: Order of Merit

RANK 2012	RANK 2011	INSTITUTE	TOTAL SCORE	FACTUAL SCORE	FACTUAL RANK	PERCEPTUAL SCORE	PERCEPTUAL RANK	BASE*	WEIGHT*
52	NR	Institute of Finance & International Mgmt. (IFIM), Bangalore	1,364.0	703	42	661	86	48	1
53	31	Indian Institute of Planning and Management (IIPM), Delhi	1,363.6	631	83	733	48	69	1
54	NR	Institute of Management Studies (IMS), Ghaziabad	1,362.5	705	40	658	88	55	1
55	NR	Jagan Institute of Management Studies (JIMS Delhi)	1,359.5	696	47	663	84	43	1
56	NR	Institute of Technology & Science (ITS), Ghaziabad	1,353.6	689	51	665	83	34	0.9
57	NR	ICBM School of Business Excellence, Hyderabad**	1,346.4	617	87	729	53	45	1
58	NR	Institute of Business Mgmt. & Technology (IBMT), Bangalore	1,334.6	582	122	753	39	55	1
59	NR	NIMT, Greater Noida	1,327.8	601	99	727	55	47	1
60	33	Xavier Institute of Social Service (XISS), Ranchi	1,321.2	585	117	736	45	69	1
61	NR	Balaji Institute of Modern Management (BIMM), Pune	1,319.2	556	144	763	34	59	1
62	NR	Jaipuria Institute of Management (JIM), Ghaziabad	1,316.8	624	84	693	71	41	1
63	NR	Bhartiya Vidyapeeth Univ. Institute of Mgmt. & Research, Delhi	1,312.3	643	77	669	81	62	1
64	NR	Skyline Business School, New Delhi	1,311.1	618	86	693	70	45	1
65	NR	International Institute of Management Studies (IIMS), Pune	1,308.5	539	153	769	31	77	1
66	NR	Indian School of Mines (ISM), Dhanbad	1,303.7	583	119	721	59	42	1
67	NR	Jaipur National University, Jaipur	1,301.8	589	110	713	61	41	1
68	NR	Balaji Institute of Mgmt. and HR Development, Pune	1,300.6	548	145	753	38	63	1
69	NR	Ramaiah Institute of Management studies (RIMS), Bangalore	1,297.7	563	136	735	46	57	1
70	NR	Symbiosis Institute of Operations Management (SIOM), Nashik	1,296.5	563	136	733	47	73	1
71	NR	IIMT Engineering College, Meerut	1,296.2	564	135	732	50	44	1
72	NR	National Institute of Technology (DOM-NIT), Tiruchirappalli	1,294.9	598	104	697	69	45	1
73	NR	SIMSREE (Sydenham Institute of Management Studies), Mumbai	1,291.7	498	169	794	18	40	1
74	NR	Delhi Business School (DBS), Delhi	1,287.5	585	117	703	64	69	1
75	NR	Mangalmay Institute of Mgmt. & Technology, Greater Noida	1,285.7	689	51	597	113	48	1
76	NR	GITAM Institute of Management, Visakhapatnam	1,284.4	693	49	591	117	56	1
77	NR	ICFAI Business School (IBS Ahmedabad)	1,283.4	503	167	780	23	62	1
78	NR	Manipal Institute of Management, Manipal	1,283.3	586	115	697	68	66	1
79	NR	Lala Lajpat Rai Institute of Management (LLRIM), Mumbai	1,278.5	557	143	721	58	45	1
80	NR	NIMT Institute Of Technology & Management, Ghaziabad	1,272.4	573	132	699	67	45	1
81	NR	G.L. Bajaj Inst. of Mgmt. & Research (GLBIMR), Greater Noida	1,269.9	753	12	517	133	38	0.9
82	NR	Galgotias Business School, Greater Noida	1,268.3	712	35	556	126	37	0.9
83	NR	Symbiosis Institute of Telecom Management (SITM), Pune	1,264.7	535	155	730	52	101	1
84	NR	Indus Business Academy, Bangalore	1,264.5	591	108	674	79	41	1
85	NR	MAEER'S MIT School of Business, Pune	1,261.2	587	113	674	77	70	1
86	NR	SDM Institute for Mgmt. Development (SDM-IMD), Mysore	1,257.7	600	100	658	87	43	1
87	NR	Institute of Business Management & Research (IBMR), Indore	1,254.1	639	80	615	106	59	1
88	NR	CMR Institute of Management Studies, Bangalore	1,252.0	605	92	647	92	49	1
89	NR	School of Management, KIIT University, Bhubaneswar	1,252.0	660	67	592	116	38	0.9
90	NR	Lovely Professional University, Phagwara	1,251.7	667	61	585	120	51	1
91	NR	Institute of Financial Management & Research (IFMR), Chennai	1,250.2	558	141	692	72	57	1
92	NR	Suryadutta Group of Institutes, Pune	1,250.0	672	60	578	123	37	0.9
93	NR	ICFAI Business School (IBS Gurgaon)	1,246.5	498	169	749	40	44	1
94	NR	ICFAI Business School (IBS Bangalore)	1,246.2	579	125	667	82	87	1
95	NR	Dhruva College of Management (DCM), Hyderabad	1,246.1	666	63	580	122	56	1
96	NR	Bharathidasan Institute of Management (BIM), Tiruchirappalli	1,243.8	570	134	674	78	41	1
97	NR	Gian Jyoti Institute of Mgmt. & Technology (GJIMT), Mohali	1,243.4	655	72	588	119	33	0.9
98	NR	IIMT College, Meerut	1,242.8	604	94	639	98	35	0.9
99	NR	Prestige Institute of Management and Research, Indore	1,241.5	666	63	575	124	38	0.9
100	NR	Dayananda Sagar College of Mgmt. and IT (DSCMIT), Bangalore	1,241.2	614	89	627	103	35	0.9
101	NR	Punjab Institute of Mgmt. & Technology (PIMT), Gobindgarh	1,229.3	588	112	641	97	45	1
102	NR	Institute of Advanced Mgmt. & Research (IAMR), Ghaziabad	1,222.4	608	90	614	107	37	0.9

*For perception survey only; see *The Base and the Weights* on Page 50 for details • NR: Not Ranked • Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey. • Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents • **Only one faculty respondent rated ICBM, and gave it

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Overall: Order of Merit

RANK 2012	RANK 2011	INSTITUTE	TOTAL SCORE	FACTUAL SCORE	FACTUAL RANK	PERCEPTUAL SCORE	PERCEPTUAL RANK	BASE*	WEIGHT*
103	NR	Jagannath International Management School (JIMS), Delhi	1,215.6	635	82	581	121	36	0.9
104	NR	Veltech Multi-tech Rangarajan Sakunthala Eng. College, Chennai	1,212.1	595	106	617	105	30	0.9
105	NR	Master School of Management (MSM), Meerut	1,198.5	709	38	489	137	34	0.9
106	NR	NIILM Centre for Management Studies, Greater Noida	1,189.7	579	125	611	110	41	1
107	NR	IIMT College of Management, Greater Noida	1,184.2	575	129	609	111	48	1
108	NR	Great Lakes Institute of Management, Chennai	1,181.4	712	37	470	146	28	0.8
109	NR	Ishan Institute of Mgmt. and Technology, Greater Noida	1,178.2	701	45	477	141	28	0.8
110	NR	Vel Rangarajan Sakunthala College of Mgmt. & Science, Chennai	1,175.1	562	139	613	108	38	0.9
111	NR	Institute of Engineering and Management (IEM), Kolkata	1,173.3	446	187	727	54	45	1
112	NR	FOSTIIMA Business School, Delhi	1,163.8	690	50	474	144	28	0.8
113	NR	Army Institute of Management (AIM), Kolkata	1,161.2	512	162	649	90	44	1
114	NR	Institute of Management Studies (IMS Noida)	1,159.2	525	158	634	100	69	1
115	NR	Sterling Institute of Management Studies, Mumbai	1,155.9	513	161	643	95	36	0.9
116	NR	SRM School of Management, Chennai	1,155.4	509	164	646	94	36	0.9
117	NR	J K Padampat Singhania Inst. of Mngt. and Technology, Gurgaon	1,150.5	680	57	470	145	20	0.8
118	50	Dept. of Mgmt. Studies, Osmania University, Hyderabad	1,147.4	445	188	702	65	50	1
119	NR	Fatima School, Mumbai	1,144.2	589	110	555	128	30	0.9
120	NR	NIMT Institute of Agri Business and Rural Mgmt., Jaipur	1,134.0	591	108	543	131	35	0.9
121	NR	PSG Institute of Management, Coimbatore	1,133.9	688	54	446	155	26	0.8
122	NR	Cochin School of Communication and Mgmt. Studies, Kochi	1,130.2	707	39	423	164	26	0.8
123	NR	Sri Sairam Institute of Mgmt. Studies (SSIMS), Chennai	1,129.6	483	174	647	93	38	0.9
124	NR	NIMT Institute of Management, Jaipur	1,129.4	586	115	543	130	39	0.9
125	NR	Institute for Technology & Management (ITM), Bangalore	1,124.5	445	188	680	75	33	0.9
126	NR	Institute of Management & Research (IMR), Ghaziabad	1,119.1	471	180	648	91	36	0.9
127	NR	Avinashilingam School of Mgmt. Technology, Coimbatore	1,118.9	658	70	461	151	21	0.8
128	NR	Atharva Institute of Management Studies (AIMS), Mumbai	1,115.8	561	140	555	129	30	0.9
129	NR	United Institute of Management (UIM), Allahabad	1,112.6	656	71	457	152	23	0.8
130	NR	Vel Tech Ranga Sanku Arts College, Chennai	1,112.2	604	94	508	134	23	0.8
131	NR	SIES, Mumbai	1,111.4	478	176	633	101	32	0.9
132	NR	Vignana Jyothi Institute of Management (VJIM), Hyderabad	1,109.4	643	77	466	148	20	0.8
133	NR	Institute of Public Enterprise (IPE), Hyderabad	1,099.2	497	171	602	112	33	0.9
134	NR	KCT Business School, Coimbatore	1,096.2	647	76	449	153	22	0.8
135	NR	Biyani Institute of Science & Management for Girls, Jaipur	1,091.2	661	66	430	162	21	0.8
136	NR	Prestige Institute of Management, Gwalior	1,083.7	641	79	443	157	23	0.8
137	NR	Punjab College of Technical Education, Ludhiana	1,077.7	575	129	503	135	29	0.8
138	NR	ICFAI Business School (IBS Kolkata)	1,071.0	387	198	684	73	71	1
139	NR	Sambhram Academy of Mgmt. Studies (SAMS), Bangalore	1,064.4	599	103	465	149	23	0.8
140	NR	Netaji Subhash Inst. of Business Mgmt. (NSIBM), Jamshedpur	1,061.9	583	119	479	140	28	0.8
141	NR	PES Institute of Technology & Mgmt. (PES-ITM), Bangalore	1,059.0	417	194	642	96	31	0.9
142	NR	Tecnia Institute of Advanced Studies, Delhi	1,058.5	583	119	476	143	25	0.8
143	NR	Bharati Vidyapeeth Deemed Univ. Institute of Mgmt., Kolhapur	1,055.3	398	196	657	89	36	0.9
144	NR	Datta Meghe Institute of Management Studies, Nagpur	1,048.0	571	133	477	142	22	0.8
145	NR	KLS Institute of Management Education and Research, Belgaum	1,047.5	615	88	433	160	23	0.8
146	NR	Rajagiri Centre for Business Studies, Kochi	1,045.2	697	46	348	187	14	0.7
147	NR	Dr Gaur Hari Singhania Institute of Mgmt. & Research, Kanpur	1,042.8	607	91	436	159	22	0.8
148	NR	SSN School of Mgmt. & Computer Application, Kalavakkam	1,040.0	579	125	461	150	29	0.8
149	NR	Faculty of Management Studies (ICFAI), Dehradun	1,039.1	418	193	621	104	36	0.9
150	NR	Warangal Institute of Management (WIM), Warangal	1,038.8	476	177	563	125	33	0.9
151	NR	Dept. of Management Studies, North Bengal University, Siliguri	1,037.5	426	192	611	109	34	0.9
152	NR	Pacific Business School, Udaipur	1,031.9	476	177	556	127	30	0.9
153	NR	Institute of Mangement Studies RVS-CET, Kolkata	1,031.6	506	165	526	132	28	0.8

*For perception survey only; see *The Base and the Weights* on Page 50 for details • NR: Not Ranked • Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey • Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents *Source: BT*-Nielsen India's Best B-schools Survey 2012

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Overall: Order of Merit

RANK 2012	RANK 2011	INSTITUTE	TOTAL SCORE	FACTUAL SCORE	FACTUAL RANK	PERCEPTUAL SCORE	PERCEPTUAL RANK	BASE*	WEIGHT*
154	NR	St. Joseph's PG College (SPGC), Hyderabad	1,031.1	356	202	675	76	30	0.9
155	NR	Vishwa Vishwani School of Business (VVSB), Hyderabad	1,023.2	531	157	492	136	22	0.8
156	NR	AISSMS Institute of Management, Pune	1,019.0	540	152	479	139	26	0.8
157	NR	Virudhunagar Hindu Nadars' Senthikumara Nadar College	1,016.3	536	154	480	138	25	0.8
158	NR	Karunya University, MBA Department, Coimbatore	1,010.3	587	113	423	163	26	0.8
159	NR	Invertis Institute of Management Studies, Bareilly	1,006.8	600	100	407	172	20	0.8
160	NR	Kousai Institute of Management Studies (KIMS), Dharwad	991.9	575	129	417	168	22	0.8
161	NR	Prestige Institute of Management Dewas	990.5	659	68	332	196	19	0.7
162	NR	Institute of Professional Excellence & Mgmt. (IPEM), Ghaziabad	980.2	592	107	388	175	24	0.8
163	NR	Department of Management Studies, Pondicherry University	980.1	548	145	432	161	20	0.8
164	NR	DC School of Management & Technology, Vagamon	973.3	620	85	353	184	18	0.7
165	NR	Faculty of Mgmt. Studies, NMC Shobhit University, Meerut	964.8	546	148	419	166	16	0.7
166	NR	Hindustan Institute of Mgmt. & Computer Studies, Mathura	964.7	547	147	418	167	26	0.8
167	NR	Adhiyamaan College of Engineering (ACE), Bangalore	962.5	605	92	357	179	19	0.7
168	NR	KLES' Institute of Management Studies & Research, Hubli	957.7	491	172	467	147	26	0.8
169	NR	NIMT Institute of Hospital and Pharma Mgmt., Greater Noida	957.5	602	98	355	181	18	0.7
170	NR	Rakeshpal Bahadur Management Institute (RBMI), Bareilly	955.9	719	30	237	202	8	0.7
171	NR	J K Business School (JKBS), Gurgaon	946.9	534	156	413	170	23	0.8
172	NR	Chennai Business School (CBS), Chennai	946.8	356	202	591	118	36	0.9
173	NR	KL University Business School, Guntur	944.6	600	100	345	188	15	0.7
174	NR	Siva Sivani Institute of Management (SSIM), Secunderabad	941.8	563	136	379	177	12	0.7
175	NR	MEASI Institute of Management, Chennai	921.7	475	179	447	154	28	0.8
176	NR	Institute of Professional Studies & Research (IPSR), Cuttack	921.7	581	124	341	191	13	0.7
177	NR	Institute of Management Study (IMS), Kolkata	914.7	320	204	595	114	27	0.8
178	NR	College of Management , Jammu University	912.8	470	182	443	156	20	0.8
179	NR	Maharaja Agrasen Institute of Mgmt. & Technology, Haryana	912.0	577	128	335	193	19	0.7
180	NR	PSNA College of Engineering & Technology, Kolkata	908.5	558	141	351	185	12	0.7
181	NR	Surana College Centre for Postgraduate Studies, Bangalore	905.8	483	174	423	165	22	0.8
182	NR	BPHE Institute of Mgmt. Studies Career Dev. & Res., Ahmednagar	905.7	544	149	362	178	16	0.7
183	21	Indian Institute of Planning and Management (IIPM), Mumbai	899.3	604	94	295	200	9	0.7
184	NR	Shrimad Rajchandra Inst. of Mgmt. & Comp Application, Surat	893.8	500	168	394	174	17	0.7
185	NR	Pacific Institute of Management, Udaipur	864.9	449	186	416	169	25	0.8
186	NR	Tilak Raj Chadha Institute of Mgmt. & Technology, Yamunanagar	859.6	541	150	319	197	14	0.7
187	NR	Dr V N Bedekar Institute of Mgmt. Studies, Thane, Mumbai	855.6	518	159	338	192	19	0.7
188	NR	Ajay Binay Institute of Technology (ABIT), Cuttack	853.1	512	162	341	190	14	0.7
189	NR	MOP Vaishnav College for Women, Chennai	833.9	491	172	343	189	18	0.7
190	NR	GRG School of Management Studies, Coimbatore	831.2	514	160	317	198	16	0.7
191	NR	Srusti Academy of Management, Bhubaneswar	827.8	541	150	287	201	9	0.7
192	NR	GNA Institute of Mgmt. & Technology (GNA-IMT), Phagwara	826.6	471	180	356	180	18	0.7
193	NR	R L Institute of Management Studies (RLIMS), Madurai	818.0	381	199	437	158	25	0.8
194	NR	Vidya Sagar Institute of Management (VSIM), Bhopal	803.2	398	196	405	173	22	0.8
195	NR	People's Institute of Mgmt. & Research (PIMR), Bhanpur	800.7	451	185	350	186	10	0.7
196	NR	Sunderdeep College of Mgmt. Technology (SCMT), Ghaziabad	798.4	596	105	202	205	12	0.7
197	NR	Central Inst. of Business Mgmt. Research & Development, Nagpur	794.5	441	190	353	183	17	0.7
198	NR	The Business School (TBS), J&K University	786.9	452	184	335	194	15	0.7
199	NR	Dr Virendra Swarup Institute of Computer Studies, Kanpur	784.9	469	183	316	199	17	0.7
200	NR	Asian Workers Development Institute (AWDI), Rourkela	748.0	415	195	333	195	11	0.7
201	NR	A J Institute of Management (AJIM), Mangalore	741.9	357	201	385	176	17	0.7
202	NR	Pendekanti Institute of Management, Hyderabad	730.6	377	200	354	182	16	0.7
203	NR	Marthoma College of Management & Technology, Ernakulam	718.6	506	165	213	204	12	0.7
204	NR	Vidya School of Business (VSB), Meerut	670.2	435	191	235	203	15	0.7
205	NR	Lakshmi Narain College of Technology (LNCT), Bhopal	626.2	214	205	412	171	20	0.8

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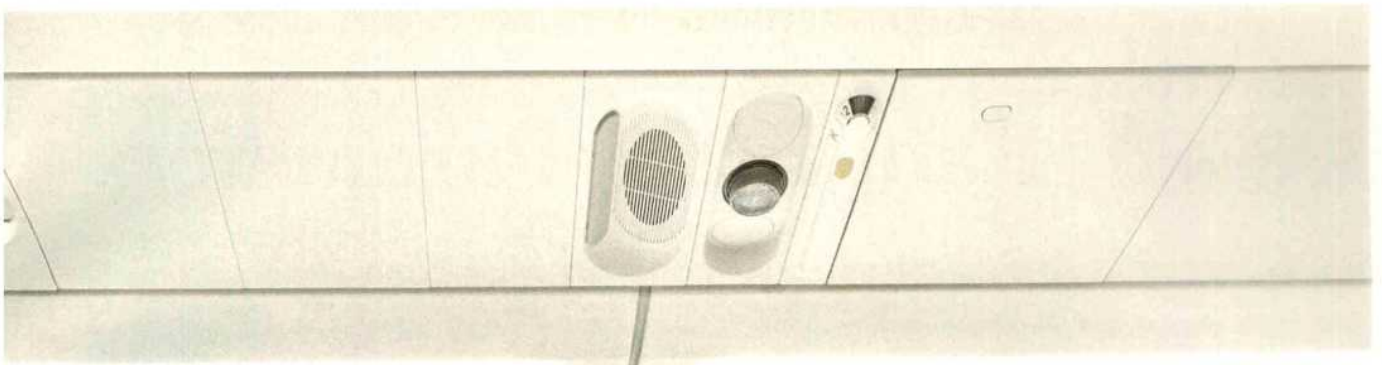

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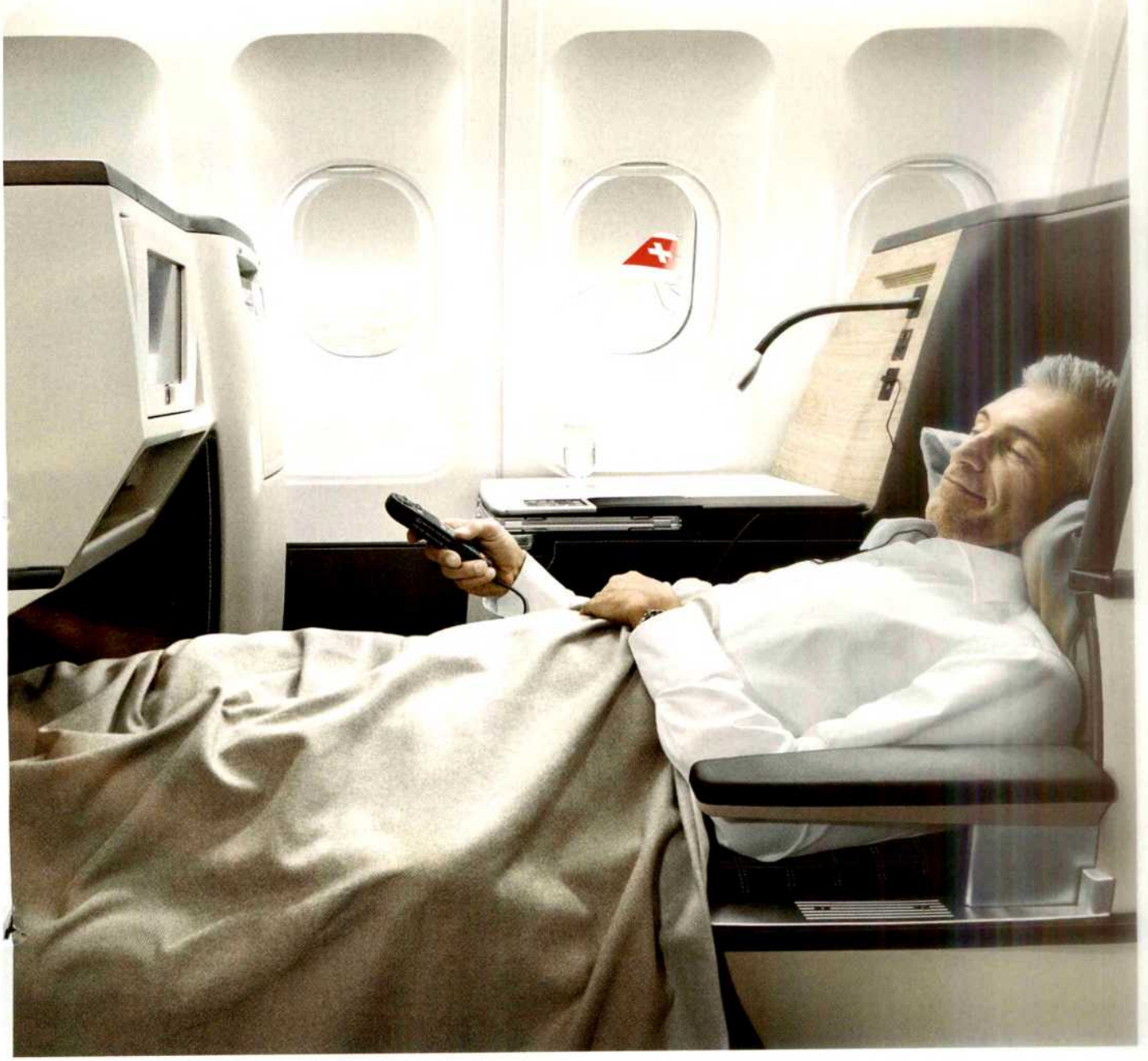

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Ranking by Parameters

RANK '12	INSTITUTE	Learning Experience (30%) FACTUAL	PERCEPTUAL	TOTAL	RANK	Living Experience (15%) FACTUAL	PERCEPTUAL	TOTAL	RANK
1	Indian Institute of Management, Ahmedabad (IIM-A)	220	282	502	6	139	76	215	4
2	Indian Institute of Management, Calcutta (IIM-C)	242	270	512	3	135	74	209	11
3	Faculty of Management Studies, Delhi (FMS-Delhi)	231	259	490	12	108	70	178	96
4	XLRI School of Business and HR, Jamshedpur	253	260	513	2	137	73	210	10
5	Indian Institute of Management, Bangalore (IIM-B)	209	280	489	13	149	73	222	1
6	Indian Institute of Management, Indore (IIM-I)	220	266	486	15	137	74	211	8
7	Narsee Monjee Inst. of Mgmt. Studies (NMIMS), Mumbai	246	267	513	1	136	71	207	18
8	Management Development Institute (MDI), Gurgaon	221	264	485	16	132	76	208	15
9	Indian Institute of Management, Kozhikode (IIM-K)	143	269	412	89	131	75	206	20
10	S.P Jain Institute of Mgmt. & Research, Mumbai	232	247	479	22	143	70	213	5
11	Jamnalal Bajaj Institute of Mgmt. Studies (JBIMS), Mumbai	193	255	448	47	118	71	189	64
12	Department of Management Studies (IIT Roorkee)	185	262	447	49	143	74	217	3
13	Institute of Management Technology (IMT), Ghaziabad	237	267	504	5	126	68	194	52
14	Symbiosis Institute of Business Management (SIBM), Pune	231	258	489	14	136	69	205	22
15	National Inst. of Industrial Engineering (NITIE), Mumbai	237	259	496	8	131	73	204	28
16	ICFAI Business School (IBS Hyderabad)	239	260	499	7	143	67	210	9
17	Xavier Institute of Management, Bhubaneswar (XIM-B)	228	236	464	32	140	71	211	6
18	Shailesh J. Mehta School of Management (IIT Bombay)	168	250	418	79	149	71	220	2
19	Department of Management Studies (IIT Delhi)	174	258	432	68	105	71	176	100
20	Symbiosis Centre for Mgmt. & HR Development, Pune	223	259	482	21	133	72	205	24
21	Prin. L.N. Welingkar Inst. of Mgmt. Dev. & Research, Mumbai	267	240	507	4	85	71	156	152
22	Institute of Rural Management, Anand (IRMA)	189	258	447	48	133	72	205	23
23	Birla Institute of Mgmt. Tech. (BIMTECH), Greater Noida	241	243	484	18	133	68	201	31
24	Indian Institute of Foreign Trade (IIFT), New Delhi	244	232	476	24	90	68	158	146
25	Xavier Inst. of Mgmt. & Entrepreneurship (XIME), B'alore	255	239	494	9	130	68	198	39
26	Dept. of Management Studies (DOMS-IIT Madras)	173	264	437	62	133	75	208	14
27	Loyola Institute of Business Admn. (LIBA), Chennai	200	250	450	44	119	70	189	63
28	Goa Institute of Management (GIM), Goa	192	243	435	64	139	72	211	7
29	Institute for Technology & Management (ITM), Mumbai	238	244	482	20	92	72	164	129
30	Institute of Management, Nirma University, Ahmedabad	222	231	453	42	141	68	209	13
31	Institute of Management Technology (IMT), Nagpur	238	238	476	23	135	67	202	30
32	Doon Business School, Dehradun	198	257	455	40	130	69	199	35
33	Birla Institute of Technology and Science (BITS), Pilani	181	248	429	70	137	70	207	16
34	Amity Business School, Noida	228	221	449	45	145	64	209	12
35	International Management Institute (IMI), Delhi	244	240	484	17	125	66	191	58
36	Presidency College, Bangalore	239	236	475	26	112	65	177	98
37	Christ University Institute of Mgmt. (CUIM), Bangalore	233	213	446	51	144	62	206	19
38	Lal Bahadur Shastri Institute of Mgmt. (LBSIM), Delhi	207	251	458	37	98	69	167	123
39	I.T.S Institute of Management, Greater Noida	246	226	472	27	141	65	206	21
40	K J Somaiya Inst. of Mgmt. Studies & Research, Mumbai	250	195	445	52	131	52	183	81
41	Amrita School of Business (ASB), Coimbatore	247	245	492	10	137	70	207	17
42	Fortune Institute of International Business (FIIB), Delhi	233	250	483	19	84	75	159	145
43	Regional College of Management (RCM), Bhubaneswar	255	208	463	34	144	56	200	33
44	Acharya Institute of Mgmt. & Sciences (AIMS), Bangalore	253	204	457	38	137	59	196	43
45	T. A. Pai Management Institute (TAPMI), Manipal	246	221	467	30	143	60	203	29
46	ICFAI Business School (IBS Mumbai)	241	251	492	11	121	64	185	75
47	Rajiv Gandhi Indian Institute of Mgmt. (IIM Shillong)	189	215	404	99	129	62	191	57
48	ICFAI Business School, (IBS Pune)	230	245	475	25	121	70	191	55
49	Jaipuria Institute of Management (JIM), Jaipur	239	222	461	35	117	69	186	72
50	Balaji Institute of Telecom & Mgmt. (BITM), Pune	232	227	459	36	140	64	204	26
51	Institute for Technology & Mgmt. (ITM), Chennai	208	256	464	31	85	70	155	154

IIM Ahmedabad has the best brand value and programmes for 'Future Orientation'

Brand Value (20%)				Return on Investment (25%)				Future Orientation (10%)*			
FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
200	195	395	1	170	236	406	11	95	89	184	1
190	189	379	2	195	230	425	5	65	86	151	31
188	180	368	5	240	223	463	1	95	82	177	4
188	185	373	3	201	222	423	7	65	81	146	38
180	192	372	4	120	233	353	44	85	85	170	7
170	181	351	7	185	224	409	10	65	84	149	35
122	178	300	27	185	221	406	12	83	78	161	14
156	186	342	10	161	230	391	18	60	81	141	48
170	176	346	9	195	224	419	8	93	85	178	3
156	170	326	12	155	211	366	33	93	78	171	6
184	181	365	6	210	215	425	6	40	86	126	78
132	183	315	17	220	221	441	2	40	81	121	82
156	166	322	16	160	211	371	28	70	76	146	40
110	178	288	33	186	217	403	14	63	81	144	43
160	165	325	13	186	208	394	15	23	76	99	131
122	180	302	23	165	220	385	21	43	77	120	87
170	169	339	11	176	211	387	20	33	78	111	107
150	172	322	15	200	211	411	9	50	82	132	61
166	182	348	8	216	224	440	3	25	82	107	117
110	175	285	34	175	216	391	17	53	80	133	60
140	160	300	25	166	200	366	32	85	74	159	17
110	179	289	31	175	217	392	16	73	79	152	26
140	163	303	22	140	192	332	64	85	75	160	16
162	161	323	14	187	197	384	22	63	73	136	58
116	159	275	45	155	195	350	49	88	72	160	15
126	179	305	21	190	213	403	13	40	81	121	81
134	164	298	29	165	198	363	36	95	74	169	8
152	160	312	19	165	195	360	39	75	76	151	33
124	171	295	30	162	215	377	24	73	77	150	34
134	171	305	20	165	208	373	26	43	79	122	80
130	170	300	26	120	208	328	71	80	74	154	22
96	165	261	61	165	199	364	35	93	86	179	2
52	172	224	106	220	210	430	4	90	77	167	9
140	160	300	24	145	185	330	68	93	70	163	12
140	159	299	28	141	189	330	66	68	70	138	54
106	155	261	59	171	191	362	37	95	70	165	10
130	148	278	40	187	174	361	38	78	65	143	44
140	173	313	18	150	206	356	42	60	77	137	56
106	161	267	52	141	186	327	72	83	70	153	23
138	130	268	51	220	156	376	25	93	59	152	27
106	167	273	47	130	208	338	57	35	78	113	103
106	169	275	44	150	204	354	43	75	76	151	29
120	141	261	60	168	169	337	59	93	62	155	21
142	141	283	36	157	166	323	76	95	58	153	24
134	147	281	37	115	176	291	99	93	69	162	13
122	162	284	35	145	195	340	55	30	71	101	130
140	148	288	32	155	188	343	53	90	68	158	18
82	171	253	70	117	212	329	70	53	78	131	64
106	158	264	54	165	187	352	46	40	70	110	108
102	160	262	57	125	206	331	65	40	69	109	110
106	171	277	41	90	207	297	90	93	79	172	5

*Figures in brackets indicate weights ☛ NR: Not Ranked ☛ Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey ☛ Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents ☛ See rankings and scores on sub-parameters and more at www.businesstoday.in

Source: BT-Nielsen India's Best B-schools Survey 2012

Xavier Institute of Social Service, Ranchi, ranks No. 28 in 'Learning Experience'

Ranking by Parameters

RANK '12	INSTITUTE	Learning Experience (30%) FACTUAL	PERCEPTUAL	TOTAL	RANK	Living Experience (15%) FACTUAL	PERCEPTUAL	TOTAL	RANK
52	Institute of Finance & International Mgmt. (IFIM), B'lore	207	218	425	74	130	65	195	44
53	Indian Institute of Planning and Mgmt. (IIPM), Delhi	227	241	468	29	83	68	151	158
54	Institute of Management Studies (IMS), Ghaziabad	235	206	441	57	129	66	195	46
55	Jagan Institute of Management Studies (JIMS Delhi)	231	210	441	56	106	62	168	121
56	Institute of Technology & Science (ITS), Ghaziabad	220	209	429	71	128	64	192	54
57	ICBM School of Business Excellence, Hyderabad**	208	237	445	54	120	69	189	62
58	Institute of Business Mgmt. & Technology (IBMT), B'lore	171	238	409	93	115	70	185	78
59	NIMT, Greater Noida	195	245	440	59	126	63	189	66
60	Xavier Institute of Social Service (XISS), Ranchi	227	244	471	28	114	68	182	84
61	Balaji Institute of Modern Management (BIMM), Pune	164	252	416	82	90	66	156	151
62	Jaipuria Institute of Management (JIM), Ghaziabad	193	226	419	77	137	62	199	34
63	Bhartiya Vidyapeeth Univ. Inst. of Mgmt. & Research, Delhi	233	210	443	55	128	62	190	61
64	Skyline Business School, New Delhi	228	221	449	46	119	60	179	93
65	International Institute of Mgmt. Studies (IIMS), Pune	203	249	452	43	135	70	205	25
66	Indian School of Mines (ISM), Dhanbad	201	232	433	66	128	67	195	45
67	Jaipur National University, Jaipur	185	227	412	88	123	64	187	69
68	Balaji Institute of Mgmt. and HR Development, Pune	173	242	415	83	83	71	154	156
69	Ramaiah Institute of Mgmt. studies (RIMS), Bangalore	226	238	464	33	110	70	180	90
70	Symbiosis Institute of Operations Mgmt. (SIOM), Nashik	216	230	446	50	108	73	181	87
71	IIMT Engineering College, Meerut	193	234	427	73	135	64	199	37
72	National Inst. of Technology (DOM-NIT), Tiruchirappalli	202	237	439	60	110	63	173	104
73	SIMSREE (Sydenham Institute of Mgmt. Studies), Mumbai	190	267	457	39	72	70	142	171
74	Delhi Business School (DBS), Delhi	209	222	431	69	96	68	164	127
75	Mangalmay Institute of Mgmt. & Tech., Greater Noida	242	195	437	61	143	54	197	41
76	GITAM Institute of Management, Visakhapatnam	220	194	414	87	143	51	194	49
77	ICFAI Business School (IBS Ahmedabad)	183	253	436	63	54	71	125	188
78	Manipal Institute of Management, Manipal	208	226	434	65	134	64	198	38
79	Lala Lajpat Rai Institute of Mgmt. (LLRIM), Mumbai	214	226	440	58	92	66	158	147
80	NIMT Institute Of Technology & Management, Ghaziabad	192	220	412	90	104	66	170	116
81	G.L. Bajaj Inst. of Mgmt. & Research (GLBIMR), G Noida	223	170	393	109	144	44	188	68
82	Galgotias Business School, Greater Noida	222	180	402	103	143	54	197	40
83	Symbiosis Institute of Telecom Mgmt. (SITM), Pune	173	229	402	102	136	68	204	27
84	Indus Business Academy, Bangalore	169	219	388	115	127	58	185	77
85	MAEER'S MIT School of Business, Pune	218	227	445	53	130	60	190	60
86	SDM Institute for Mgmt. Development (SDM-IMD), Mysore	204	210	414	85	120	62	182	86
87	Institute of Business Mgmt. & Research (IBMR), Indore	216	205	421	76	145	54	199	36
88	CMR Institute of Management Studies, Bangalore	194	206	400	106	119	63	182	82
89	School of Management, KIIT University, Bhubaneswar	211	196	407	94	133	58	191	56
90	Lovely Professional University, Phagwara	206	199	405	97	137	52	189	65
91	Institute of Financial Mgmt. & Research (IFMR), Chennai	179	213	392	112	100	63	163	132
92	Suryadutta Group of Institutes, Pune	213	178	391	113	135	53	188	67
93	ICFAI Business School (IBS Gurgaon)	210	244	454	41	81	67	148	162
94	ICFAI Business School (IBS Bangalore)	202	217	419	78	105	57	162	133
95	Dhruva College of Management (DCM), Hyderabad	217	186	403	101	143	53	196	42
96	Bharathidasan Institute of Mgmt. (BIM), Tiruchirappalli	200	217	417	81	109	65	174	102
97	Gian Jyoti Inst. of Mgmt. & Technology (GJIMT), Mohali	221	190	411	92	130	54	184	80
98	IIMT College, Meerut	209	205	414	86	134	61	195	47
99	Prestige Institute of Management & Research, Indore	234	193	427	72	132	50	182	85
100	Dayananda Sagar College of Mgmt. & IT (DSCMIT), B'lore	209	208	417	80	139	55	194	51
101	Punjab Inst. of Mgmt. & Technology (PIMT), Gobindgarh	218	215	433	67	116	56	172	107
102	Institute of Advanced Mgmt. & Research (IAMR), Ghaziabad	162	195	357	137	125	54	179	92

IBMT Bangalore ranks No. 19 on 'Return on Investment'

Brand Value (20%)				Return on Investment (25%)				Future Orientation (10%)*			
FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
106	140	246	80	185	171	356	41	75	67	142	45
116	160	276	43	145	193	338	58	60	70	130	66
130	143	273	46	131	177	308	80	80	66	146	39
136	142	278	38	170	183	353	45	53	67	120	86
106	143	249	76	185	183	368	30	50	66	116	95
96	160	256	67	100	191	291	97	93	72	165	11
96	162	258	64	180	208	388	19	20	75	95	140
86	160	246	81	164	187	351	48	30	73	103	123
104	161	265	53	60	191	251	145	80	71	151	30
92	170	262	58	155	203	358	40	55	73	128	71
106	155	261	62	125	181	306	83	63	68	131	63
52	149	201	137	185	181	366	31	45	66	111	104
96	155	251	72	85	189	274	117	90	67	157	19
86	171	257	66	95	201	296	91	20	78	98	134
86	157	243	84	145	191	336	60	23	73	96	138
46	163	209	125	175	190	365	34	60	69	129	68
112	165	277	42	170	203	373	27	10	72	82	167
54	162	216	118	100	192	292	96	73	73	146	36
46	164	210	124	140	189	329	69	53	77	130	67
106	163	269	49	95	198	293	95	35	74	109	112
86	150	236	93	190	180	370	29	10	67	77	173
46	176	222	112	170	208	378	23	20	74	94	142
96	155	251	73	101	189	290	101	83	69	152	25
96	131	227	99	155	156	311	79	53	61	114	102
96	128	224	108	141	160	301	88	93	58	151	32
106	172	278	39	140	209	349	51	20	76	96	139
106	154	260	63	75	184	259	135	63	69	132	62
46	159	205	133	135	198	333	63	70	72	142	46
86	157	243	85	161	189	350	50	30	69	99	132
130	115	245	82	186	138	324	75	70	51	121	83
114	122	236	91	140	142	282	110	93	58	151	28
86	164	250	75	140	195	335	61	0	73	73	180
102	148	250	74	160	180	340	54	33	69	102	126
96	144	240	86	120	176	296	92	23	68	91	150
106	146	252	71	90	174	264	132	80	66	146	37
70	136	206	129	125	158	283	106	83	61	144	42
86	140	226	101	116	171	287	103	90	67	157	20
128	128	256	69	125	154	279	113	63	56	119	90
136	127	263	56	125	154	279	115	63	54	117	93
116	157	273	48	140	190	330	67	23	71	94	144
138	131	269	50	151	157	308	81	35	59	94	141
82	165	247	77	105	200	305	86	20	72	92	145
82	146	228	98	160	179	339	56	30	68	98	135
96	127	223	109	135	156	291	98	75	58	133	59
86	148	234	95	165	179	344	52	10	66	76	175
106	130	236	92	115	157	272	119	83	58	141	49
96	140	236	90	125	169	294	94	40	64	104	121
70	129	199	141	175	150	325	73	55	54	109	113
86	137	223	110	110	169	279	114	70	58	128	72
86	141	227	100	115	168	283	107	53	61	114	98
96	136	232	96	165	169	334	62	60	59	119	89

*Figures in brackets indicate weights ☛ NR: Not Ranked ☛ Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey ☛ Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents ☛ See rankings and scores on sub-parameters and more at www.businesstoday.in

Source: BT-Nielsen India's Best B-schools Survey 2012

Veltech Multi-tech Dr Rangarajan Dr Sakunthala Engineering College, Chennai, ranks No. 32 in 'Living Experience'

Ranking by Parameters

RANK '12	INSTITUTE	Learning Experience (30%)				Living Experience (15%)			
		FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
103	Jagannath International Mgmt. School (JIMS), Delhi	218	186	404	98	105	49	154	155
104	Veltech Multi-tech Rangarajan Sakunthala Eng. Col., Chennai	207	204	411	91	142	58	200	32
105	Master School of Management (MSM), Meerut	244	159	403	100	130	45	175	101
106	NIILM Centre for Management Studies, Greater Noida	185	194	379	121	104	58	162	134
107	IIMT College of Management, Greater Noida	207	185	392	111	122	57	179	91
108	Great Lakes Institute of Management, Chennai	223	156	379	122	143	44	187	71
109	Ishan Institute of Mgmt. and Technology, Greater Noida	232	156	388	114	138	42	180	89
110	Vel Rangarajan Sakunthala College of Mgmt & Science	196	196	392	110	135	58	193	53
111	Institute of Engineering and Mgmt. (IEM), Kolkata	173	234	407	95	92	70	162	135
112	FOSTIIMA Business School, Delhi	212	147	359	133	117	46	163	131
113	Army Institute of Management (AIM), Kolkata	183	213	396	108	88	49	137	178
114	Institute of Management Studies (IMS Noida)	221	203	424	75	85	53	138	177
115	Sterling Institute of Management Studies, Mumbai	199	202	401	104	73	60	133	180
116	SRM School of Management, Chennai	207	208	415	84	136	58	194	50
117	J K Padampat Singhania Inst of Mngt. & Tech., Gurgaon	229	152	381	120	127	43	170	117
118	Dept of Mgmt. Studies, Osmania University, Hyderabad	159	225	384	118	86	63	149	161
119	Fatima school, Mumbai	157	178	335	153	144	50	194	48
120	NIMT Institute of Agri Business & Rural Mgmt., Jaipur	180	173	353	141	130	54	184	79
121	PSG Institute of Management, Coimbatore	237	145	382	119	148	42	190	59
122	Cochin School of Communication & Mgmt. Studies, Kochi	220	138	358	135	132	41	173	105
123	Sri Sairam Institute of Mgmt. Studies (SSIMS), Chennai	184	217	401	105	125	60	185	74
124	NIMT Institute of Management, Jaipur	189	171	360	132	121	49	170	114
125	Institute for Technology & Mgmt. (ITM), Bangalore	183	214	397	107	51	62	113	194
126	Institute of Management & Research (IMR), Ghaziabad	177	207	384	117	88	62	150	160
127	Avinashilingam School of Mgmt. Technology, Coimbatore	211	151	362	130	126	45	171	109
128	Atharva Institute of Mgmt. Studies (AIMS), Mumbai	184	173	357	136	103	53	156	149
129	United Institute of Management (UIM), Allahabad	192	148	340	150	145	42	187	70
130	Vel Tech Ranga Sanku Arts College, Chennai	190	164	354	140	128	50	178	95
131	SIES, Mumbai	115	211	326	165	62	57	119	191
132	Vignana Jyothi Institute of Mgmt. (VJIM), Hyderabad	207	157	364	129	139	40	179	94
133	Institute of Public Enterprise (IPE), Hyderabad	185	201	386	116	67	55	122	190
134	KCT Business School, Coimbatore	223	137	360	131	144	41	185	76
135	Biyani Institute of Science & Mgmt. for Girls, Jaipur	189	131	320	173	126	41	167	122
136	Prestige Institute of Management, Gwalior	229	135	364	128	114	46	160	139
137	Punjab College of Technical Education, Ludhiana	180	164	344	148	94	48	142	169
138	ICFAI Business School (IBS Kolkata)	185	222	407	96	52	63	115	193
139	Sambhram Academy of Mgmt. Studies (SAMS), Bangalore	182	150	332	156	116	44	160	140
140	Netaji Subhash Inst. of Business Mgmt. (NSIBM), Jamshedpur	203	154	357	138	114	39	153	157
141	PES Institute of Technology & Mgmt. (PES-ITM), B'lore	133	203	336	152	86	54	140	173
142	Tecnia Institute of Advanced Studies, Delhi	225	151	376	124	129	39	168	119
143	Bharati Vidyapeeth Deemed Univ. Inst. of Mgmt., Kolhapur	152	219	371	125	66	59	125	187
144	Datta Meghe Institute of Management Studies, Nagpur	189	148	337	151	74	48	122	189
145	KLS Institute of Mgmt. Education & Research, Belgaum	240	138	378	123	129	41	170	115
146	Rajagiri Centre for Business Studies, Kochi	230	117	347	145	135	30	165	126
147	Dr Gaur Hari Singhania Inst. of Mgmt. & Research, Kanpur	230	137	367	127	98	40	138	175
148	SSN School of Mgmt. & Computer Application, Kalavakkam	180	139	319	175	113	46	159	141
149	Faculty of Management Studies (ICFAI), Dehradun	154	199	353	142	48	58	106	196
150	Warangal Institute of Management (WIM), Warangal	126	180	306	186	94	50	144	165
151	Dept. of Mgmt. Studies, North Bengal Univ., Siliguri	128	196	324	168	97	59	156	150
152	Pacific Business School, Udaipur	185	184	369	126	120	57	177	99
153	Institute of Mangement Studies RVS-CET, Kolkata	187	168	355	139	128	49	177	97

FOSTIIMA Business School, Delhi, ranks No. 41 in 'Future Orientation'

Brand Value (20%)				Return on Investment (25%)				Future Orientation (10%)*			
FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
122	124	246	78	110	161	271	122	80	60	140	50
96	129	225	103	70	167	237	157	80	59	139	52
92	108	200	140	175	131	306	84	68	46	114	101
130	134	264	55	85	163	248	146	75	61	136	57
86	135	221	113	110	171	281	111	50	60	110	109
116	104	220	115	135	119	254	143	95	47	142	47
96	108	204	135	165	122	287	102	70	49	119	92
96	133	229	97	95	163	258	137	40	62	102	125
96	162	258	65	65	191	256	138	20	71	91	148
106	101	207	128	160	130	290	100	95	51	146	41
96	143	239	88	125	180	305	87	20	64	84	160
96	143	239	87	80	173	253	144	43	62	105	119
96	143	239	89	90	174	264	131	55	65	120	85
46	143	189	152	100	175	275	116	20	63	83	166
116	103	219	117	140	126	266	128	68	48	116	96
60	151	211	123	130	194	324	74	10	68	78	169
96	127	223	111	119	144	263	133	73	56	129	69
86	115	201	138	160	146	306	85	35	55	90	151
110	102	212	122	110	113	223	168	83	44	127	74
130	94	224	104	130	108	238	156	95	43	138	55
86	139	225	102	20	168	188	191	68	62	130	65
86	122	208	126	160	148	308	82	30	53	83	164
106	150	256	68	85	184	269	124	20	69	89	153
106	140	246	79	90	175	265	130	10	64	74	179
86	102	188	154	180	119	299	89	55	44	99	133
46	122	168	171	165	150	315	77	63	57	120	84
86	103	189	151	165	117	282	108	68	46	114	99
96	112	208	127	120	135	255	140	70	46	116	94
86	138	224	107	185	167	352	47	30	62	92	146
124	100	224	105	100	123	223	169	73	46	119	88
90	124	214	121	105	164	269	125	50	58	108	115
46	98	144	184	141	127	268	126	93	46	139	51
106	100	206	132	160	112	272	118	80	46	126	75
70	101	171	169	165	117	282	109	63	44	107	116
96	110	206	131	185	129	314	78	20	52	72	181
40	151	191	148	100	181	281	112	10	67	77	172
86	106	192	145	135	121	256	139	80	45	125	79
106	109	215	120	140	130	270	123	20	46	66	185
98	146	244	83	80	175	255	141	20	63	83	163
46	108	154	179	140	131	271	121	43	46	89	154
40	144	184	158	110	175	285	105	30	61	91	149
100	104	204	134	135	131	266	127	73	46	119	91
86	100	186	155	120	111	231	163	40	43	83	165
102	72	174	168	135	96	231	164	95	32	127	73
86	98	184	157	150	116	266	129	43	45	88	155
106	100	206	130	155	130	285	104	25	45	70	182
96	138	234	94	80	165	245	151	40	61	101	129
96	124	220	116	140	154	294	93	20	55	75	178
86	135	221	114	95	164	259	134	20	57	77	171
46	118	164	173	105	141	246	150	20	57	77	174
46	115	161	176	105	142	247	148	40	51	91	147

☛ *Figures in brackets indicate weights ☛ NR: Not Ranked ☛ Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey ☛ Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents ☛ See rankings and scores on sub-parameters and more at www.businesstoday.in

Source: BT-Nielsen India's Best B-schools Survey 2012

Faculty of Management Studies, NMC Shobhit University, Meerut, ranks No. 73 in 'Living Experience'

Ranking by Parameters

RANK '12	INSTITUTE	Learning Experience (30%)				Living Experience (15%)			
		FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
154	St. Joseph's PG College (SPGC), Hyderabad	111	214	325	166	44	62	106	197
155	Vishwa Vishwani School of Business (VVSB), Hyderabad	170	156	326	164	125	47	172	106
156	AISSMS Institute of Management, Pune	186	154	340	149	96	47	143	167
157	Virudhunagar Hindu Nadars' Senthikumara Nadar College	202	156	358	134	123	46	169	118
158	Karunya University, MBA Department, Coimbatore	206	140	346	146	135	38	173	103
159	Invertis Institute of Management Studies, Bareilly	198	126	324	169	121	35	156	148
160	Kousai Institute of Management Studies (KIMS), Dharwad	201	131	332	157	122	41	163	130
161	Prestige Institute of Management Dewas	224	107	331	158	139	32	171	110
162	Inst. of Professional Excellence & Mgmt. (IPEM), Ghaziabad	223	122	345	147	98	34	132	181
163	Dept. of Management Studies, Pondicherry University	191	134	325	167	88	40	128	184
164	DC School of Management & Technology, Vagamon	234	114	348	144	135	35	170	113
165	Faculty of Mgmt. Studies, NMC Shobhit Univ., Meerut	187	140	327	163	148	38	186	73
166	Hindustan Institute of Mgmt. & Computer Studies, Mathura	183	140	323	170	143	39	182	83
167	Adhiyamaan College of Engineering (ACE), Bangalore	189	111	300	189	145	35	180	88
168	KLES' Institute of Mgmt. Studies & Research, Hubli	165	154	319	176	115	44	159	143
169	NIMT Inst. of Hospital and Pharma Mgmt., G Noida	192	126	318	178	129	32	161	136
170	Rakeshpal Bahadur Management Institute, Bareilly	239	75	314	180	143	18	161	137
171	J K Business School (JKBS), Gurgaon	201	134	335	154	112	32	144	166
172	Chennai Business School (CBS), Chennai	158	190	348	143	29	53	82	204
173	KL University Business School, Guntur	202	108	310	183	139	32	171	108
174	Siva Sivani Institute of Mgmt. (SSIM), Secunderabad	199	117	316	179	133	38	171	111
175	MEASI Institute of Management, Chennai	177	142	319	174	129	42	171	112
176	Institute of Professional Studies & Research (IPSR), Cuttack	220	109	329	160	116	32	148	163
177	Institute of Management Study (IMS), Kolkata	140	193	333	155	44	54	98	199
178	College of Management , Jammu University	183	144	327	162	101	40	141	172
179	Maharaja Agrasen Institute of Mgmt. & Tech., Haryana	195	108	303	187	136	29	165	125
180	PSNA College of Engineering & Technology, Kolkata	199	123	322	171	133	33	166	124
181	Surana College Centre for Postgraduate Studies, B'lore	202	127	329	159	65	39	104	198
182	BPHE Inst. of Mgmt. Studies Career Dev. & Res., Ahmedabad	183	118	301	188	120	31	151	159
183	Indian Institute of Planning and Mgmt. (IIPM), Mumbai	226	84	310	182	67	24	91	202
184	Shrimad Rajchandra Inst. of Mgmt. & Computer App., Surat	201	127	328	161	125	35	160	138
185	Pacific Institute of Management, Udaipur	198	121	319	177	110	37	147	164
186	Tilak Raj Chadha Inst. of Mgmt. and Tech., Yamunanagar	173	98	271	198	128	31	159	142
187	Dr V N Bedekar Inst. of Mgmt. Studies, Thane, Mumbai	194	97	291	191	93	35	128	185
188	Ajay Binay Institute of Technology (ABIT), Cuttack	176	107	283	193	100	32	132	182
189	MOP Vaishnav College for Women, Chennai	175	110	285	192	85	33	118	192
190	GRG School of Management Studies, Coimbatore	209	102	311	181	129	30	159	144
191	Srusti Academy of Management, Bhubaneswar	225	95	320	172	110	27	137	179
192	GNA Institute of Mgmt. & Tech (GNA-IMT), Phagwara	195	114	309	184	105	33	138	176
193	R L Institute of Management Studies (RLIMS), Madurai	158	140	298	190	87	41	128	183
194	Vidya Sagar Institute of Management (VSIM), Bhopal	152	126	278	194	49	40	89	203
195	People's Institute of Mgmt. & Research (PIMR), Bhanpur	172	104	276	196	133	31	164	128
196	Sunderdeep College of Mgmt. Tech. (SCMT), Ghaziabad	201	64	265	200	139	29	168	120
197	Central Inst. of Business Mgmt. Research & Dev., Nagpur	188	120	308	185	48	31	79	205
198	The Business School (TBS), J&K University	167	111	278	195	114	25	139	174
199	Dr Virendra Swarup Inst. of Computer Studies, Kanpur	172	99	271	199	56	36	92	200
200	Asian Workers Development Institute (AWDI), Rourkela	130	108	238	203	114	29	143	168
201	A J Institute of Management (AJIM), Mangalore	146	128	274	197	105	37	142	170
202	Pendekanti Institute of Management, Hyderabad	133	108	241	202	58	34	92	201
203	Marthoma College of Mgmt. & Technology, Ernakulam	174	62	236	204	93	34	127	186
204	Vidya School of Business (VSB), Meerut	119	84	203	205	140	15	155	153
205	Lakshmi Narain College of Technology (LNCT), Bhopal	117	131	248	201	71	40	111	195

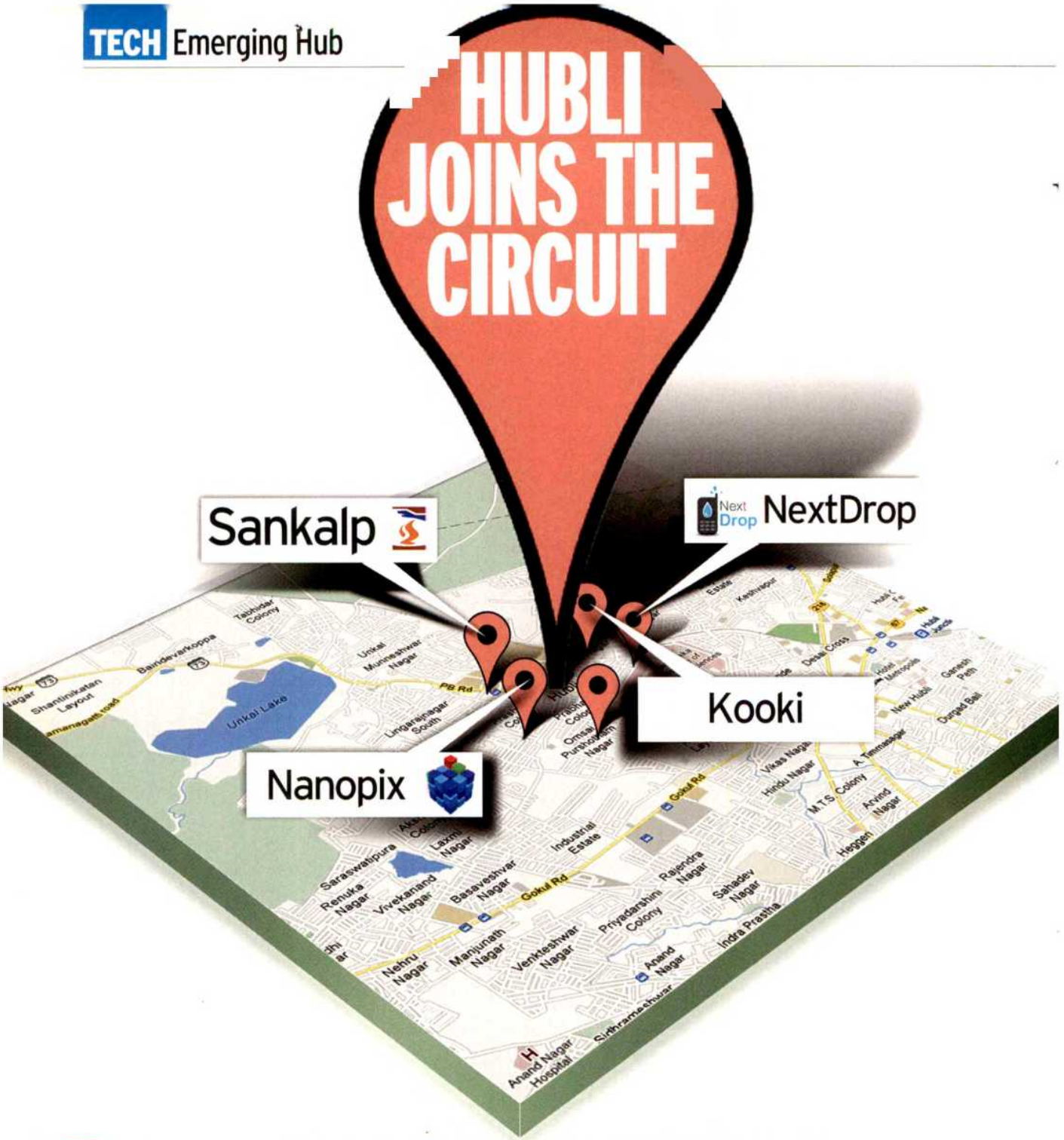
Karunya University, MBA Department, Coimbatore, ranks No. 53 in 'Future Orientation'

Brand Value (20%)				Return on Investment (25%)				Future Orientation (10%)*			
FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK	FACTUAL	PERCEPTUAL	TOTAL	RANK
46	154	200	139	95	177	272	120	60	68	128	70
86	107	193	144	90	133	223	170	60	49	109	111
80	108	188	153	115	122	237	159	63	48	111	106
86	104	190	149	105	128	233	162	20	46	66	184
96	94	190	150	55	109	164	199	95	43	138	53
96	87	183	159	125	118	243	152	60	41	101	128
46	90	136	188	131	115	246	149	75	39	114	100
52	72	124	196	151	87	238	155	93	33	126	76
106	88	194	143	125	105	230	165	40	38	78	170
106	97	203	136	140	119	259	136	23	43	66	186
46	76	122	198	132	93	225	167	73	36	109	114
96	95	191	147	55	108	163	200	60	37	97	136
86	89	175	167	125	110	235	160	10	39	49	200
46	83	129	192	150	92	242	153	75	36	111	105
46	101	147	181	115	122	237	158	50	47	97	137
86	69	155	178	155	93	248	147	40	35	75	176
86	58	144	183	156	65	221	171	95	21	116	97
96	95	191	146	100	113	213	178	25	39	64	188
46	130	176	166	80	159	239	154	43	59	102	127
86	77	163	174	80	94	174	196	93	33	126	76
96	85	181	161	85	103	188	192	50	36	86	158
46	99	145	182	73	120	193	189	50	44	94	143
102	77	179	164	90	88	178	195	53	34	87	156
86	129	215	119	30	158	188	190	20	60	80	168
96	100	196	142	80	113	193	188	10	45	55	193
58	75	133	190	115	90	205	184	73	33	106	118
46	74	120	199	130	87	217	172	50	33	83	162
86	94	180	163	90	119	209	181	40	44	84	161
86	80	166	172	115	99	214	176	40	35	75	177
116	68	184	156	125	84	209	180	70	35	105	120
46	84	130	191	105	108	213	177	23	40	63	189
46	97	143	185	85	121	206	183	10	40	50	198
40	69	109	202	130	87	217	173	70	33	103	124
106	75	181	162	115	95	210	179	10	37	47	202
106	75	181	160	80	94	174	198	50	34	84	159
46	78	124	197	165	90	255	142	20	32	52	195
46	67	113	201	90	89	179	194	40	30	70	183
86	64	150	180	100	74	174	197	20	27	47	201
46	80	126	195	105	94	199	186	20	35	55	192
46	96	142	186	70	115	185	193	20	45	65	187
86	92	178	165	108	99	207	182	3	47	50	199
6	79	85	205	130	105	235	161	10	31	41	205
96	42	138	187	90	48	138	202	70	20	90	152
80	77	157	177	105	94	199	185	20	32	52	196
96	73	169	170	45	94	139	201	30	31	61	190
96	66	162	175	135	81	216	174	10	33	43	204
46	70	116	200	105	94	199	187	20	33	53	194
46	82	128	193	10	100	110	204	50	37	87	157
46	81	127	194	120	95	215	175	20	36	56	191
46	40	86	204	170	56	226	166	23	21	44	203
86	49	135	189	10	63	73	205	80	24	104	122
6	96	102	203	10	105	115	203	10	41	51	197

*Figures in brackets indicate weights • NR: Not Ranked • Fore School of Management, Delhi; Indian Institute of Management, Lucknow; Indian School of Business, Hyderabad; Mudra Institute of Communications, Ahmedabad (MICA); Tata Institute of Social Sciences, Mumbai; and University Business School, Chandigarh, declined to participate in the survey • Vinod Gupta School of Management (IIT Kharagpur) could not be ranked because of incomplete data and non-submission of mandatory documents • See rankings and scores on sub-parameters and more at www.businesstoday.in

Source: BT-Nielsen India's Best B-schools Survey 2012

HUBLI JOINS THE CIRCUIT



This sleepy city in Karnataka is home to a growing bunch of tech start-ups. By GOUTAM DAS

An innocuous sentence in a presentation that Sasisekar Krish was making to a friend changed his company in ways he could never have imagined. He said: "We also sort nuts."

Krish's start-up, Nanopix, was selling image processing services to automotive companies around Chennai in 2009. Their factories needed cameras to inspect the dimensions of components such as nuts and bolts. But Ankesh Jain, a castor oil supplier with contacts in the automobile industry of Hubli, a city in northern Karnataka, thought "nuts" meant cashews, and phoned a local exporter. Krish was aware of the confusion, but was loath to give up. Sitting in a Café Coffee Day in the city's Travellers Bungalow Road, the IIT Madras graduate who worked for seven years with Wipro in Bangalore, downloaded pictures of cashews and wrote a program that

"We are thinking how the college can directly impact the regional economy"

Ashok Shettar, Principal, BVB College

PHOTOGRAPHS BY DEEPAK G. PAWAR

could distinguish the colour and size of the nuts. "It works," he told the exporter, who stared at him in disbelief. Cashew nuts need inspection, too. Sorting them is labour-intensive and expensive, so why not automate?

The exporter agreed, but gave him no business. Undeterred, Krish decided to build a machine anyway. The first one was ready by October 2010. Using image-processing algorithms, the machine can capture, process and analyse 18 cashew nuts a second, sorting them into 12 varieties based on size, colour, surface finish and shape. He has sold three machines to date, for ₹25 lakh each.

Nanopix started in Bangalore, but moved to Hubli where it got incubation space, mentorship and funding from the Deshpande Foundation, set up by Indian-American entrepreneur and venture capitalist Gururaj Deshpande. The foundation works to develop social entrepreneurship.

Krish, now 35, is hardly alone. A bunch of IT services companies, including many software start-ups, have popped up in Hubli in recent years. "Five years back, there were only three IT companies in the city," says Vivek Pawar, CEO of chip design company Sankalp Semiconductors. "On average, they employed around 10 people. Now, we have more than 20 companies with an average of 20-25 people." Sankalp is based in Hubli.

Remarkably, the city never figured on India's tech map and not even in the Karnataka government's scheme of things. A presentation by the state government for its much publicised Global Investors' Meet in June this year showcased the IT parks of Karnataka's Tier 2 cities – Gulbarga, Mangalore, Mysore, and Shimoga. Hubli, which has two IT parks, was given a miss.

Hubli is a sleepy city of around 200 square kilometres. It missed the bus in the mid-1990s, when large IT services companies such as Infosys first thought of Tier 2 locations such as Mangalore and Mysore. Hubli had neither an airport nor the kind of history that benefited many locations. For example, the proliferation of defence and electronics public sector units in Bangalore and Mysore led to the clustering of engineering colleges in the region, offering a perfect setting when software services took root. Pune, too, has seen the growth of outsourced R&D companies because its automotive and mechanical engineering heritage dates back to the 1940s.

Hubli, by contrast, was a centre for trade in cotton and iron during the Vijayanagar empire. Then came handloom textile units and cotton processing mills, and much later, the manufacture of products such as industrial valves. An auto cluster is on the rise now, but technology was always an alien. All this is set to change as a bunch of young entrepreneurs fight to establish the city's identity in the Bangalore-dominated world of IT. Operating expenses in Hubli are much lower than in Bangalore. The starting salary for a BPO employee is ₹6000 to ₹7,000, as opposed to at least ₹10,000 to ₹12,000 in Bangalore.

An ecosystem is also brewing. Besides the 20-odd tech entrepreneurs, Hubli has academia, global mentors, The Indus Entrepreneurs (TiE, a group formed in Silicon Valley in the US, to encourage entrepreneurship), incubation facilities, fast-growing infrastructure, and now, Jagadish Shettar, Chief Minister of Karnataka. Shettar grew up, practiced law in, and got elected to the Assembly from Hubli, some 400 km

WHY TIER 2?

There are many reasons for even large IT companies to go to small cities

Cost of living in Tier 2 cities is **10% to 25% lower** than in Tier 1 cities

Real estate is **15% to 40% cheaper**

Attrition is lower, due to lack of competition

Locations can help build a hub-and-spoke model

Good and growing **service provider ecosystem**, universities and research labs

Source: Zinnov

"If our company could become successful in a Tier 2 city, so could any other company"

Vivek Pawar, Sankalp Semiconductors

northwest of Bangalore. "We have sufficient land in Hubli-Dharwad for IT companies," he says. "Whatever incentives we provided to IT investors in Bangalore in the beginning, the same kind of support will be available to investors in Hubli, too."

Many entrepreneurs in Hubli count him among their friends. Shettar, as Karnataka's revenue minister in 2009, played a crucial role in getting 48 acres sanctioned for the Aryabhata Tech Park, which allowed 10 companies access to cheap land. Another 500 acres or so has been identified between Hubli and its twin city, Dharwad. The buzz is that two large Indian IT services companies with hubs in Bangalore may soon make Hubli a spoke in their business model.

Hubli's start-ups, meanwhile, are scaling up fast and increasingly doing complex work for global customers. Able Design Engineering Services, which does product design, is also a leading bus design company, with customers such as Tata Marcopolo and UK coach maker Alexander Dennis. NS Infotech has hired a team of MTechs to redesign components for GE's steam turbine systems. Nextgen Digital Imaging Services has developed software to turn photos into designer e-albums.

Santosh Huralikoppi's NS Infotech designs for GE

Sankalp Semiconductors, the biggest of the lot with 450 employees and $10 million in revenues, designs analog chips for devices such as mobile phones, TV, and modems. Its customers include the world's largest chipmakers. It is working on a 20-nanometer project, the latest manufacturing process node in semiconductors. In layman's terms, it is designing chip components that are 0.02 microns thick (a strand of human hair is 50 to 100 microns). With each new node, the chips get smaller, consume less power and improve in performance.

Sankalp's CEO Vivek Pawar is a slim, bearded and voluble man. He talks so fast that his words get jumbled at times. A cancer survivor, Pawar dreamt of starting a company while meditating on a mountain near Salt Lake City in the US in 2003. He wanted to be in Hubli for reasons beyond cost. Retaining talent was easier, and there was that ulterior motive – he wanted to do "something for India".

"If Sankalp could become successful in a Tier 2 city, so could any other company," he says during a conversation frequently interrupted by phone calls and colleagues. He recalls the trend set by chipmaker Texas Instruments, which came to Bangalore in 1985. "Every other company from the US followed. Bangalore grew this way."

He says the mentorship of Gururaj Deshpande, also called Desh, is changing how local entrepreneurs think and function. Desh prodded Pawar to expand sales in the US during the 2009 recession. Sankalp benefited as US chipmakers ramped up projects as soon as the economy started to pick up. Desh also advised Sankalp to buy the semiconductor hardware solutions business of mid-tier player KPIT Cummins. Pawar parted with a 15 per cent stake in his company to acquire the arm in July 2012.

Desh, who left India in 1973, has founded and invested in about 10 companies, including Sycamore Networks, Cascade Communications and Coral Network Corporation. His biggest investment in India is Bangalore optical networking technology company Tejas Networks. But in Hubli, he wants to help small companies grow. He

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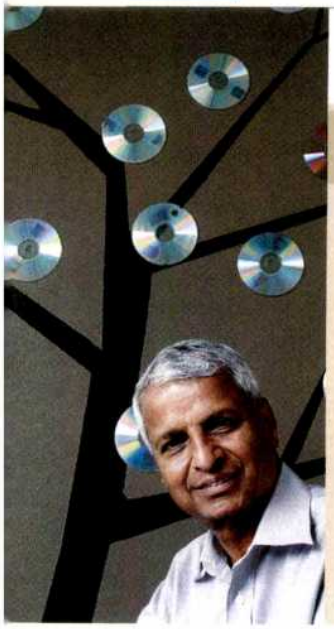

"Companies come to Hubli to recruit"

Gururaj Deshpande, President and Chairman of Sparta Group LLC, nurtures Hubli's IT entrepreneurs through his Deshpande Foundation. Excerpts from an interview:

On how Hubli has changed
I see the capabilities of the town developing. Some 40 years ago, people from the colleges here graduated and tried to get a job somewhere. But now, almost every good company in India comes to Hubli to recruit engineering graduates.

On mentoring Hubli entrepreneurs
I have been the founding chairman investor in about 10 companies. It's been fascinating for me to be a multiplier. My mentoring is mostly about, "Hey, have you thought about this?" Unblock a couple of roadblocks people have.

On fostering entrepreneurship
We are trying to make innovation and entrepreneurship part of the culture, so people get used to taking charge and make things happen.

was instrumental in bringing TiE to Hubli, where its energetic head, Naveen Jha, now advises many start-ups.

"There's Nanopix," says Desh, who is visiting Hubli, and speaking with *Business Today* while sitting barefoot in the Deshpande Foundation office on the campus of the B.V. Bhoomaraddi (BVB) College of Engineering & Technology. "We also funded AquaSafi, which has found a way to purify water. These are all smaller ideas. We'd love to see 100 companies have 100 people each and create 10,000 jobs, as opposed to one large company that employs 10,000."

BVB College, founded in 1947, is a hub of start-up action in the city. Principal Ashok Shettar is seemingly impressed by a 2009 Kauffman Foundation report, which says that if companies founded by graduates of the Massachusetts Institute of Technology were a country, it would be the world's 17th largest economy with revenues of $2 trillion.

"We have reached a stage where we produce very good graduates," says principal Shettar. "We added value to North Karnataka. Then we started thinking if the college can directly impact the regional economy. Can it go beyond human resources development and research?"

The college has incubated seven companies on its campus, giving them free space, Internet connections and office furniture. The list includes companies started by alumni. Biosyl Technologies, which designs research equipment, was formed in June 2012 by BVB biotechnology graduates, Sarah D'Souza and Amit Vernekar.

Shashank Revankar, an electronic engineering graduate of the college, started Kooki, an embedded electronics product company, also in June. Kooki is designing a prototype for its first product, a home security system that can be operated through a smartphone. "We have a team of five, all studying at BVB College," says Revankar. "They will join full-time once they graduate next year. I will top whatever salary they are offered by any company."

Hubli's entrepreneurs have a challenge, though. Retaining talent is easier than in, say, Bangalore, but getting mid- to senior-level people to move to a Tier 2 location is tough. Pawar's Sankalp had to award senior executives significant equity.

On the brighter side, executives from outside the country are willing to relocate to Hubli to jump-start a venture. Born and raised in California, Anurag Sridharan, 25, is CEO of NextDrop, a service that alerts subscribers via SMS about when the civic authorities will turn the water on (Hubli's taps have water only once in every two to five days). "I am loving it," she says. "I wanted to run a business and that is what I am doing." ◆

Californian Anurag Sridharan is CEO, NextDrop

ADDITIONAL REPORTING BY
K.R. BALASUBRAMANYAM

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cology loves economy

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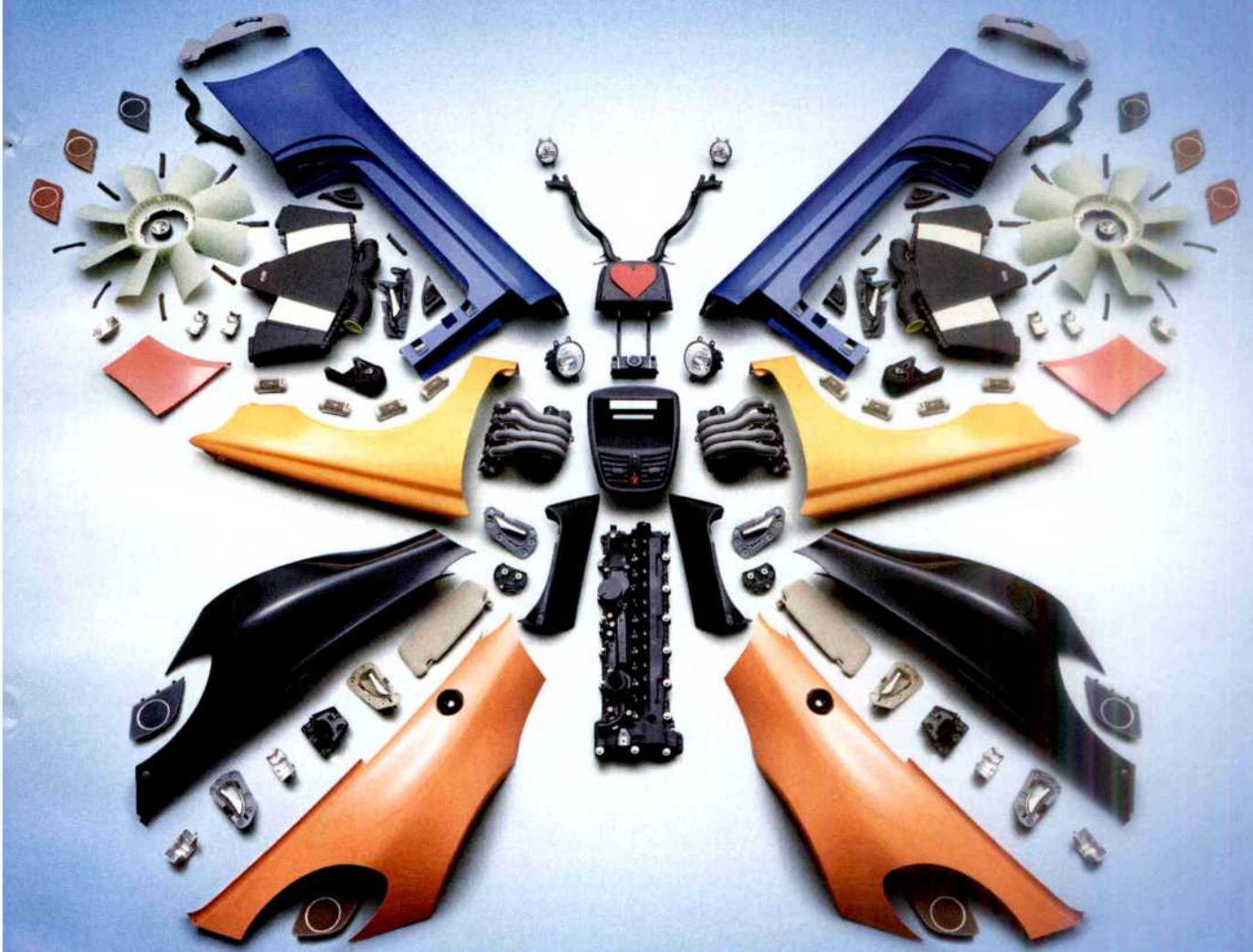

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Chairman's Address: 48th Annual General Meeting on 19th September 2012

Shri B. Prasada Rao
Chairman & Managing Director

Ladies and Gentlemen,

On behalf of the Board of Directors & employees of BHEL, I have great pleasure in welcoming you to the 48th Annual General Meeting of your Company. I would like to sincerely thank you all for being with us on this important occasion.

The report of the Directors and Audited Accounts for the year ending 31st March 2012, with the reports of Auditors and comments of Comptroller and Auditor General have already been circulated to the shareholders, and with your permission, I shall take them as read.

2011-12 was a year of continued challenges for BHEL. Despite uncertainty surrounding domestic business environment coupled with upheaval in global economy, your company has maintained its growth trajectory during 2011-12 by registering highest-ever Turnover and Profit.

However, the prevailing economic and business headwinds are posing an immense challenge to sustain past growth rates in the near term. The company expects the business sentiment to improve in the medium and long term. Against such a backdrop, efforts are being made to transform your company into one that can meet the tough challenges posed by increasing competition and exploit great opportunities that lie ahead. In a bid to steer BHEL towards becoming a global engineering enterprise, your company has drawn up its 7th Strategic Plan 2012-17.

I would like to first present the key highlights of your Company's performance during the year gone by:

* Excluding one time impact of change in policy of warranty obligation for earlier years

Key Performance Indicators

- Gross Turnover for the year grew by 20% to **Rs. 49,510 crores**. Profit after Tax rose by 24% to **Rs 7,040 Crores** (Growth figures exclude one time impact of change in policy related to provisions for warranty obligations in 2010-11). With this your company has become eligible for 'Maharatna' status.
- Despite stagnation in Power Sector and intense competitive pressure in Domestic and International markets, orders worth **Rs. 22,096 Crore**, have been booked. At the end of the year, total orders in hand for execution in 2012-13 and beyond, stand at about **Rs. 1,35,300 Crore**. Major orders include:
  - 2x660 MW Steam Generator for Mauda supercritical thermal project of NTPC, 2x660 MW Supercritical sets from DB Power (MP) Ltd.
  - Main plant equipment package for 2x600 MW Singareni Thermal Power Project from Singareni Collieries Co Ltd.
  - New rating thermal set of 300 MW from Abhijeet Projects Ltd.
  - 765/400 kV substation at Raichur from PGCIL - Maiden entry into 765 kV substation segment.
  - 6x170 MW Punatsangchhu-II Hydroelectric Project, Bhutan.
  - Maiden entry into Ukraine with 27 MW Steam Turbine Generator (STG) package from the Arcelor Mittal group.
  - Sixth Fr6B GTG from IOCL, Vadodara
  - First Fr6FA GTG with Chiller-based Cogen plant from KRIBHCO
  - Single largest order for 85 sets 25 kV AC EMU (Conv.) from ICF, Chennai and for 870 sets of Wheel and Axle assembly from the Railway Board.
- With a capital investment of Rs. 1,122 Crore during the year 2011-12, BHEL has made a total capital investment of Rs.6,298 Crore during XI plan period in augmenting manufacturing capacities & modernisation of facilities. This has enabled your company to realise manufacturing capability to deliver 20,000 MW of Power Equipments per year.
- Net worth has gone up from Rs. 20,154 Crore to Rs. 25,373 Crore, a 26% y-o-y increase.
- EPS is placed at Rs. 28.76 - an increase of 24% over that of 2010-11 on post split numbers of share basis.
- A final dividend of 184% has been recommended by the Board, in addition to the interim dividend of 136% for the year. Total dividend (excluding dividend Tax) for the year 2011-12 is Rs. 1,566.47 Crore as against Rs. 1,524.85 Crore for the previous year.
- Continuing its focus on Engineering and R&D, the company invested Rs.1,' Crore in R&D and filed 351 nos. of Patents and copyrights during the ye With this intellectual capital of your company has grown to 1786. Significar 20% of the turnover in 2011-12 is from in-house developed products.

Equipment Performance

Upholding its tradition of exhibiting cutting edge performance, BHEL Ther sets (coal based) generated 460 BUs during the year 2011-12 as against 4 BUs last year, showing an increase of 5.63% and contributed 75% to country's generation from thermal utility sets (613 BUs).

The overall PLF of coal based sets supplied by your company continues to the highest at 75.5% against national average of 73.3%. Of these, 61 s registered PLF of over 90% and 82 sets achieved PLF between 80% - 90%. A testimony to superior quality of equipments supplied by your company, ' Thermal Sets of BHEL make have achieved Operating Availability higher thar equal to 90%.

Commissioning

During the year 2011-12, your company has commissioned/ synchronized 9,2 MW of power plants - highest ever. This includes commissioning of 8,410 MW utilities, 535 MW in captive sets in the country and 325 MW in the overse market. A landmark achievement was set by your company when it adde cumulative capacity of 1,625 MW comprising Thermal and Hydro Units various Power Stations across the country within a span of just 24 Hou Significantly during XI Plan Period your company has commissioned 25,3 MW of Utility sets, nearly double of that commissioned by it during X plan.

Performance of Subsidiaries

1. BHPV

BHPV Visakhapatnam has been exhibiting good performance since 2010- During 2011-12, the subsidiary company achieved net profit of Rs 10.44 cr with the turnover of Rs 156 Crore, registering a y-o-y growth of 14%. T process of merger with BHEL has been initiated.

2. BHEL EML

A new subsidiary of your company "BHEL Electrical Machines Limite Kasargod, was incorporated on 19th January 2011 with BHEL holding major stake of 51% and Govt. of Kerala retaining 49%. The company has plans develop Specialised Alternators in various fields. The subsidiary compa posted a turnover of Rs. 21.14 Crore during the nine month period, as t commercial activities began only in June 2011.

Growth & Innovation

In today's global economy, all organizations including BHEL are faced with fi major challenges viz. (a) increasing global competition emanating from fr trade, mobility of capital, labour and knowledge; (b) increasing advances technologies providing endless opportunities for new types of products a services; (c) changing and diverse market needs; (d) increasing volatility natural resources and (e) finally increasing environmental concerns a maintaining sustainability.

Realising gravity of these challenges, your company has adopted innovation the central driver for implementing its strategy and achieving growth. T company has always stood above the rest in the engineering sector in t country in research and development efforts to improve its performance indigenising products & systems meeting not only the needs of the country b also to stand competitive.

Your company has adopted a new R&D Policy to transform R&D and innovatic in a structured and focussed manner. The company has identified a number Mission Projects to build and consolidate capabilities in emerging and existir areas. Active partnerships and alliances are being worked out with national ar international science and technology establishments of repute. Focus areas a clean coal technologies, renewable energy, 765/1200 kV transmission syster and products, transportation, system engineering and futuristic technologies.

Your company has indigenously developed, manufactured & tested 333 MV 1200 kV Class Ultra High Voltage Transformer for efficient bulk ener transmission systems and first 765 kV, 80 MVAr single phase Shunt React during 2011-12. Further, to remain contemporary in technology, BHEL ha implemented State-of-the-art C&I platform to address compatibility betwee Control Panel and Human Machine interface. Your company during the year ha established four new Centres of Excellence in the areas of Advance Fabrication Technology, Coal Research, Nano Technology application & UH Lab for GIS development.

Order Inflows: In a Troubled Environment

In the backdrop of subdued investment in infrastructure in the country, yo company has demonstrated its competitive advantage in **Power Secto** business segment by winning most of the Power Plant & associated equipme orders placed during the year in the country. Orders worth **Rs. 14,012 Cro** were secured during the year in this segment while in its **Industry Secto** business segment BHEL has secured orders worth **Rs. 8,782 Crore** for a wid range of products and systems.

Your company has introduced a new rating 300 MW set with maiden orde secured from Abhijeet Projects Limited. With this, BHEL has enhanced its rang of thermal sets on offer in subcritical segment.

During the year, major successes included maiden entry into 765 kV substatio segment with order for substation at Raichur from PGCIL, single largest Ra Material Handling System (RMHS) order from NMDC for their 3 MTP Integrated Steel Plant and order for supply of 6 nos. state-of-the-art AC Drillin Rigs from ONGC.

MANAGEMENT TEAM

Left to Right: R. Krishnan, Director (HR); M.K. Dube, Director (IS&P), Atul Saraya, Director (Power), B. Prasada Rao, CMD; O.P. Bhutani, Director (E, R&D) & P.K. Bajpai, Director (Finance)

International arena, the year 2011-12 witnessed confidence falling sharply ue to barrage of shocks like devastating tsunami in Japan, political volatility in iddle East & North Africa (MENA) region and widespread financial instability Europe impacting BHEL's international business prospects. Concerted forts have helped us maintain our footprints with orders from 21 countries crossthe world.

wards & Accolades

uring the year 2011-12, Your ompany has been honoured with everal awards which include loU Excellence Award 2009-10' s the Top Performing CPSE in ndustrial Sector'; 'SCOPE eritorious Award for R&D, chnology Development and novation'; 'NDTV Profit Business eadership Award' for the second ear in succession; 'Golden eacock Award for Occupational ealth & Safety 2011' & the Golden Peacock Award for novation Management 2011'; ree Quality Circles won Gold edals for their case studies at the ternational Quality Circle Conference (ICQCC - 2011) held in Yokohama, apan; eight Prime Minister's 'Shram Awards' including two 'Shram Bhushan' nd five 'Vishwakarma Rashtriya Puraskars'.

CMD, BHEL receiving 'SCOPE MoU Award for Excellence & Outstanding Contribution to Public Sector Management 2009-10' from the Hon'ble Prime Minister of India

ositioning for the Future

oday your company finds itself at crossroads where on one hand the company as acquired tremendous capabilities while on the other hand the business nvironment is not propitious for harnessing our capabilities due to muted rowth in domestic economy and contagion effect of subdued global economy.

he recent trend of subdued performance of industry due to negative entiments is unlikely to continue on back of strong fundamentals of the conomy. Demand revival is expected over mid to long term bouncing back the conomy to its earlier stead. In this context:

. Your company has adopted its 7th Corporate Plan, Strategic Plan 2012-17, to eer the company with a vision of becoming a global engineering enterprise. It omprises expanding our offerings in the power sector by building EPC apability, focus on industry businesses, expansion of spares & services and doption of a collaborative approach. JV of your company with NTPC namely BPPL would be the manufacturing base for certain BOP equipment like AHP nd CHP etc. Secondly, potential business areas like Transportation, ransmission, and Renewable etc. will get more attention so as to maintain a alanced portfolio of offerings from your company.

. It is a matter of pride that your company, in recent years, has expanded its anufacturing capability to deliver 20,000 MW of Power Equipment per year- ighest amongst the peers in the domestic industry.

. In view of increasing intensity of competition, your company is pursuing arious cost reduction strategies to retain leadership position in Indian market. our Company will continue to strengthen its presence in the Nuclear, enewable and Water segments.

. Development of innovation-led capabilities in product development and ngineering will continue to receive focussed attention. To uphold reputation for xcellence in its core capability of 'Engineering & Technology', the company will ontinue to upgrade existing products and systems to contemporary levels and evelop new products through continuous in-house efforts as well as through cquisition of new technologies.

. BHEL has recruited more than 20,000 highly talented and competent people t all levels during last five years. Human Resource focus would be on eveloping each person's competencies, their performance and potential in lignment with business plans.

. To ensure implementation of Strategic Plan 2012-17, your company would ontinue to pursue the '6-Point Agenda' viz. Capability Enhancement, ccelerated Project Execution, Product Cost Competitiveness & Quality, iversification, Engineering & Technology and People Development.

owards Sustainable Progression of Society

our company manages its environmental impacts across the entire manufacturing value chain. Internally, various integrated operations mprovement initiatives enable us to optimally manage key aspects of materials, water, energy, emissions, etc. BHEL facilitates its customers manage their nvironmental and social impacts by offering them state-of-the-art engineering nd technology inputs.

arious performance reports from Central Electricity Authority, India and North merican Electric Reliability Corporation (NERC), USA explicitly indicate superior performance of BHEL thermal sets in terms of Plant Load factor, Operating Availability, Forced and Planned Outages. This ultimately leads to most optimal utilization of fossil fuel coal in such power plants.

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BHEL has been actively contributing to the national effort of developing and promoting clean energy based products on a sustained basis. During the year, the company set a new record in its Solar Photovoltaic (PV) business by commissioning 15 MWp of Solar Power Plants.

Under the aegis of the National Mission on Clean Coal Technology, your company, in association with IGCAR, NTPC and other organizations, is developing Advanced Ultra Supercritical Technology. Further, the company is actively involved in development of IGCC technology, which is the clean coal technology of the future.

BHEL firmly believes this is its greatest contribution towards sustainable progression of Indian and Global society.

Being a Responsible Corporate Citizen

With a strong commitment of repaying the society at large, your company actively contributes towards socio-economic upliftment of the people in alignment with Mission Statement of its CSR policy - "Be a Committed Corporate Citizen, alive towards its Corporate Social Responsibility". BHEL has initiated definitive measures by undertaking projects in diversified areas like health, environment enrichment, education, water conservation, community development, etc. in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country. Your company generously extends financial assistance to various social welfare societies/ NGOs/ trusts that are engaged in various social welfare programmes.

Corporate Governance

Your company believes that 'results are important' but it is equally concerned with 'how it achieves results'. Commitment to this principle is the foundation of your company's Corporate Governance Policy which rests upon the four pillars of Transparency, Full Disclosure, Independent Monitoring and Fairness to all. With a clear vision and purpose based on a solid foundation of values, BHEL wants all its stakeholders, large and small, to see it as an attractive destination. Your company has been consistently making efforts in adopting best governance practices that are critical to ensure optimization of returns and satisfaction levels accruing to all its stakeholders.

Acknowledgement

I would like to take this opportunity on behalf of the Board of Directors to thank our esteemed shareholders for their steadfast confidence reposed in our Company.

There is a powerful conviction that companies like ours continue to contribute to the country's economy in a meaningful way and the company is energised by its new vision of becoming a Global Engineering Enterprise providing solutions for a better tomorrow. I would like to thank my fellow Directors on the Board and the members of the Management Committee for their wisdom and support. The support of various Ministries of the Government of India, particularly the Department of Heavy Industry, has been vital to your Company's excellent results for the year. I would also like to thank our customers, business partners and vendors for their continued co-operation and support.

The employees of the Company are a great source of strength. The company's journey thus far would not have been possible but for their dedicated service - and their continued contribution in building a stronger BHEL. The organization that has been built thus far provides us with a strong foundation for a new era of growth. I look forward to continued support from all stakeholders as we look to the years ahead.

Thank you

New Delhi
September 19, 2012

(B. Prasada Rao)
Chairman & Managing Director

Note : The above are excerpts from the CMD's speech at the AGM and do not purport to be a record of the proceedings of the AGM.

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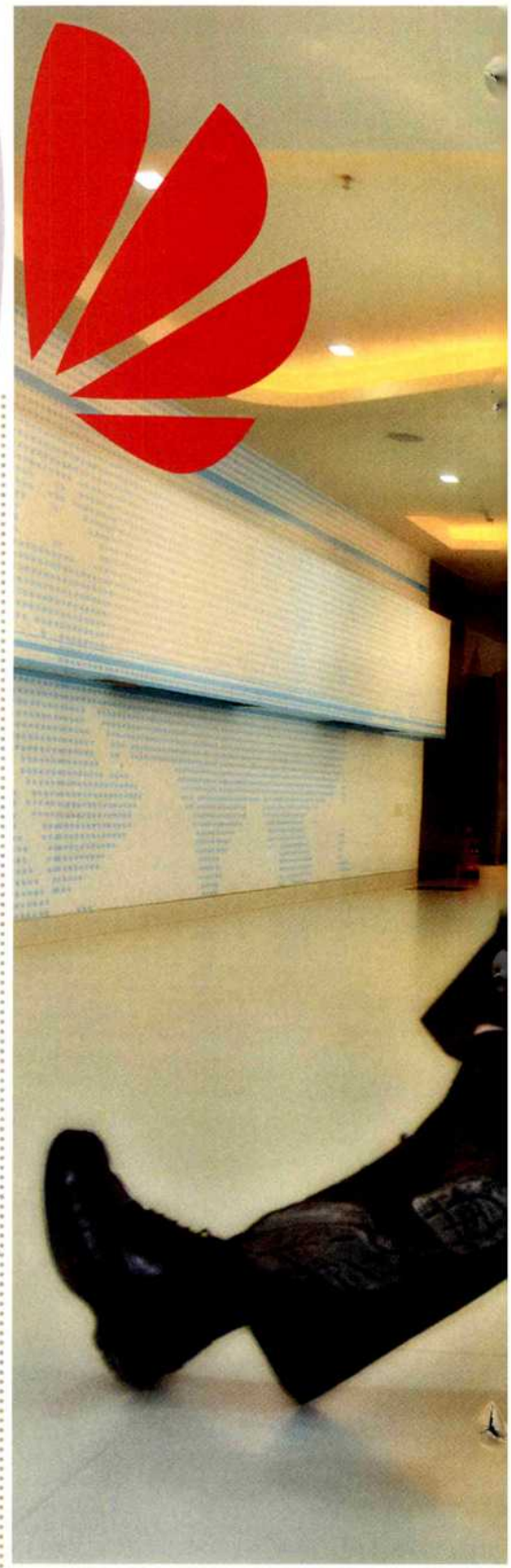
UPWARDLY MOBILE

Huawei and ZTE have overcome security and quality concerns to corner a growing chunk of the Indian market. By SUNNY SEN



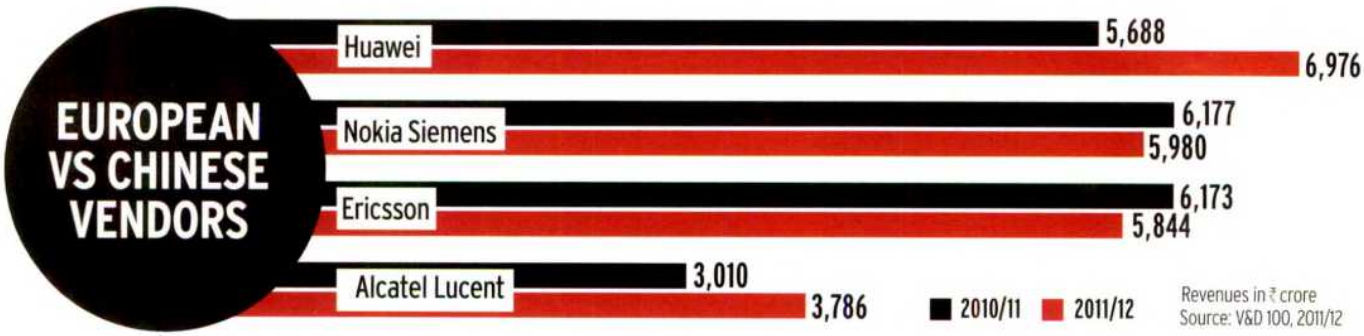
VIVAN MEHRA/www.indiatodayimages.com

The blue and yellow wires hanging from servers in a corner of the cramped conference room look like a colourful web. This unpretentious office in the heart of New Delhi belongs to Huawei, maker of telecommunication devices and software. Its India headquarters in Gurgaon, near Delhi, are also nondescript. Nothing in either location suggests that in the past year, the $32-billion (₹1.7 trillion; a trillion equals 100 crore) Chinese behemoth pipped Ericsson to become the world's largest telecom equipment maker.

Huawei's offices may reflect the conservatism of Chinese corporate culture, but the company's growth in India has been far from conservative. In 2011/12, Huawei was ahead of Ericsson and Nokia Siemens Network (NSN), the European telecom equipment makers which have long held the top two spots in the country by revenues.

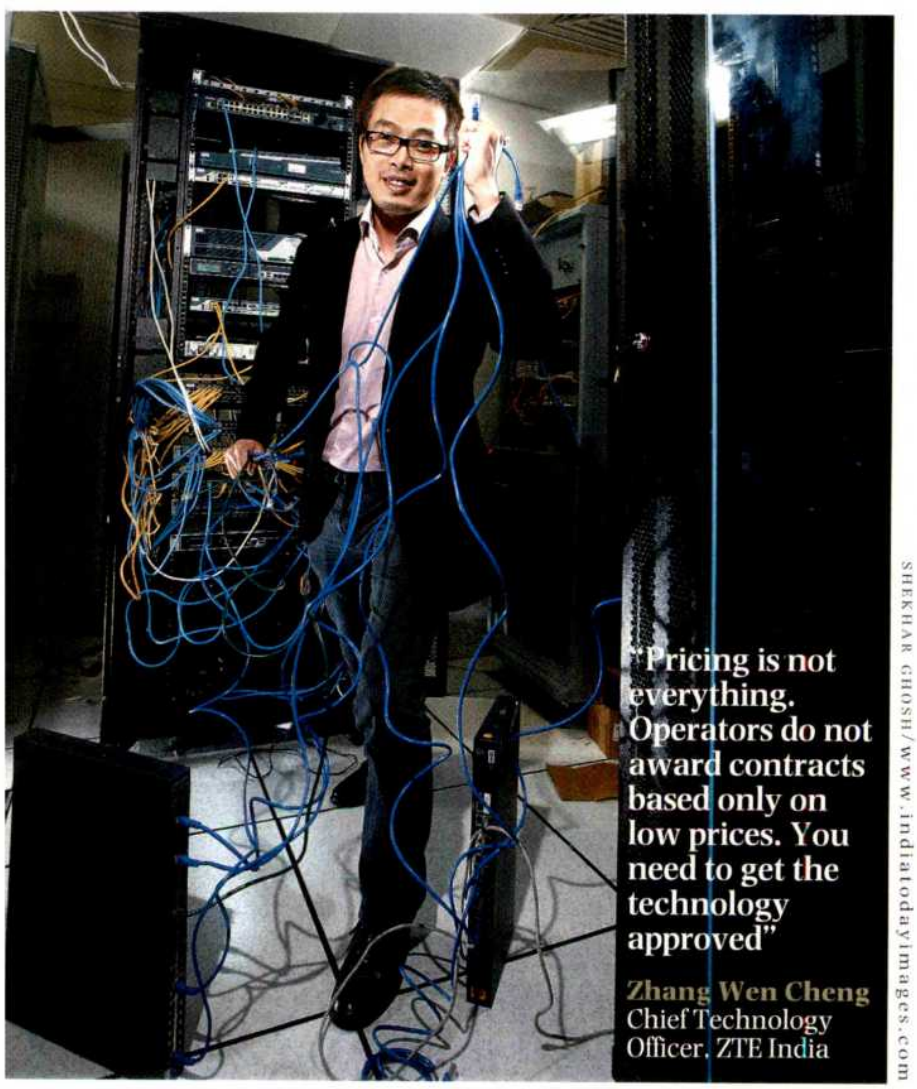
But the first few years were full of hurdles for both Huawei and ZTE, also a Chinese telecom equipment maker. European companies such as NSN, Ericsson and Alcatel Lucent had been operating in India for

Looking up: CEO Cai Liquin says 3G could be Huawei India's big break



decades and were trusted. There was a widespread perception that Chinese products would be of inferior quality. Huawei could not get contracts from older telecom operators.

A spokesperson of a relatively new telecom operator (whose licences stand cancelled) which uses Huawei equipment, describes the Chinese company as hungry for success. He says its service delivery is superior to that of European rivals.



SHEKHAR GHOSH/www.indiatodayimages.com

Huawei, founded by retired military officer Ren Zhengfei, enjoys the support of the Chinese government. It has beaten the competition in most of the 100 countries where it has customers. It entered India in 2000 with a research and development centre in Bangalore, but won its first deal only in 2005 – a Bharat Sanchar Nigam Ltd tender for optical fibres. The R&D centre is now its biggest outside China.

Together, ZTE (revenues of ₹3,049 crore) and Huawei (₹6,976 crore) are hitting European rivals hard in India. For example, in wireless infrastructure – a ₹10,930 crore business in India – they jointly held a 35 per cent share in 2011/12, according to *Voice and Data*, a telecom industry publication.

To build relationships, Chinese managers have adapted culturally. For instance, Yao Weimin, Huawei's Vice President for Corporate Affairs, goes by the name Rajiv.

In early 2010, it was a struggle for Chinese companies to get security clearance for their equipment in India. For nine months, not a single contract was passed. But today, the Chinese companies have their hands full. A sales executive at NSN, who sees Chinese vendors as a threat, says European companies still get contracts because they are coasting along on old ties rather than matching Chinese pricing.

But now, Chinese companies may be forcing their rivals' hands. In a recent bid for a BSNL contract, ZTE is said to have undercut European

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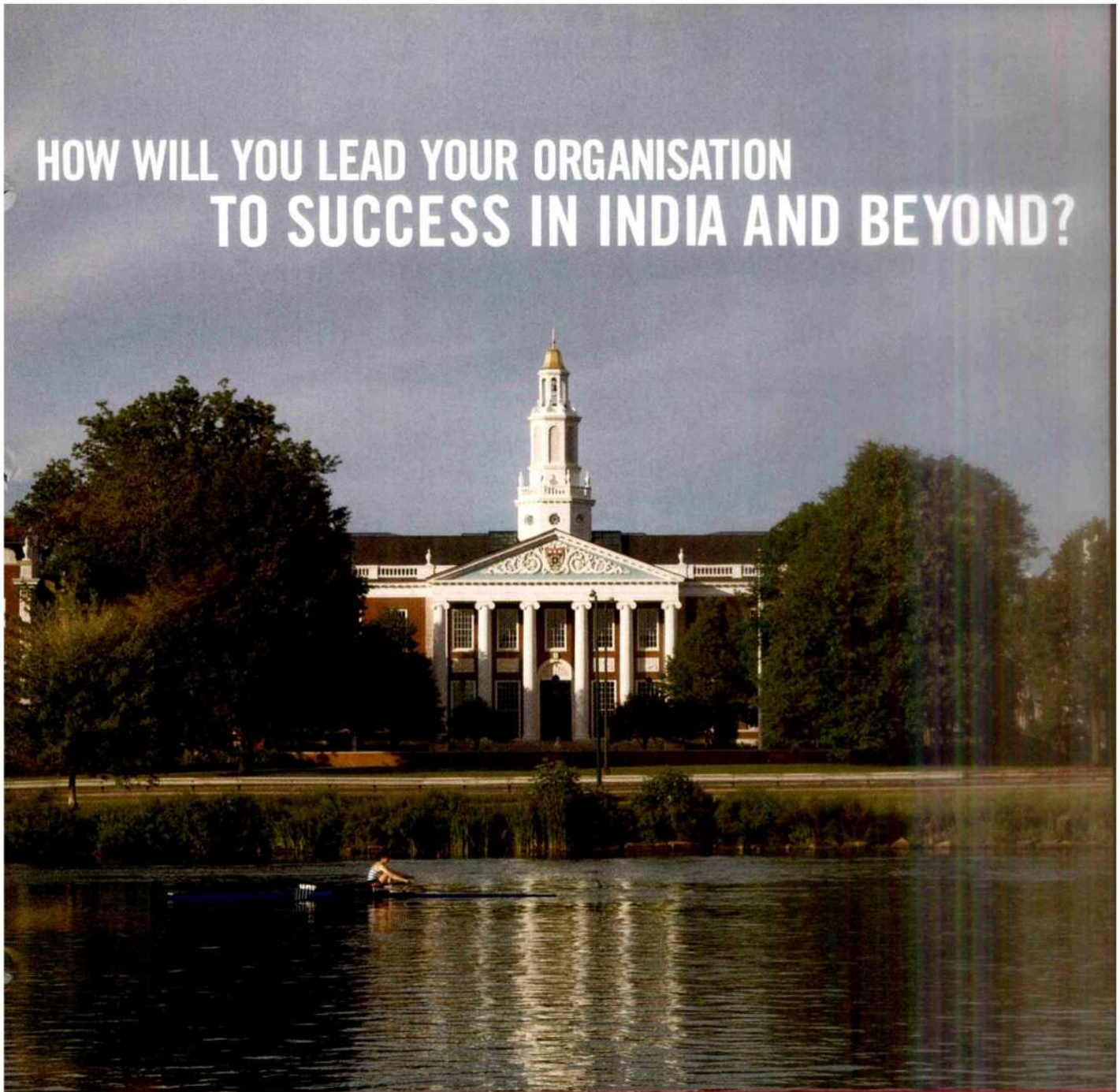

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companies' pricing by two-thirds. Over the past couple of years, European companies have lowered prices and started focusing on after-sales, as the Chinese do.

Zhang Wen Cheng, ZTE India's Chief Technology Officer, argues that pricing is not everything, as private operators do not base contracts only on low prices. "You need to get the technology approved," he says.

Until around 2009, the incumbents – Airtel, Vodafone and Idea – stayed away from Chinese vendors. Then Reliance Communications and Tata Teleservices tied up with Huawei and ZTE for network rollouts and devices for CDMA handsets and dongles. (CDMA is code division multiple access, a wireless protocol rivalling the popular GSM, or global system for mobile communication.) After that, almost every new telecom operator partnered with one of the two. In 2009/10, Huawei's revenues shot up to ₹11,000 crore, propelling it ahead of NSN and Ericsson and to the top spot.

Now, Huawei and ZTE are trying to increase market share. They won 42 per cent of the 71 circles for 3G (third generation) telecom services. Huawei's breakthrough came when it got two circles with Airtel and three with Idea. "This is a good opportunity to break into the top operators," says Cai Liquin, CEO of Huawei India.

Huawei and ZTE may have won new 3G and broadband wireless access networks in 2011, but the big challenge is to grab market share in the 2G licences to be awarded soon. Huawei was hit hardest when 122 2G licences were cancelled, as it provided about 45 per cent of the deployed base stations. ZTE accounted for another 17 per cent.

Base stations are hard to redeploy to new operators for technical and regulatory reasons. Some $1 billion worth of equipment is deployed in the country, according to some estimates. But base stations are not the whole story. For ZTE, mobile phones and dongles have helped improve market perception and operator loyalty. Both ZTE and Huawei are aiming to be end-to-end solutions providers, not just manufacturers. Huawei calls itself a software company, and has ventured into the enterprise business with products and services such as telepresence.

A bigger concern is whether Huawei's and ZTE's growth is profitable. Many, including NSN and Ericsson, say the Chinese manufacturers are bearing huge losses to gain market share. "A lot of vendors are taking hits on their balance sheets," says Mritunjay Kapur, Country Managing Director at Protiviti Consultancy. But executives at Huawei and ZTE say cheap loans from Chinese banks enable them to cut prices and grab market share.

Kapur points out that a lot of old telecom equipment is nearing upgrade time, which means more business for Huawei and ZTE. But rival companies say they do not feel threatened. "In terms of subscribers per base station, our market share is much higher," says Sandeep Girotra, head of NSN India. But NSN's global CEO Rajeev Suri says business has become less profitable because of Chinese rivals: "Since the advent of these players, margins have come down from 40 per cent to 30 per cent."

The climb to top may have got harder, with fewer players left after licences were cancelled. But the Chinese companies are knocking on every operator's door. They are shaking off the image of poor quality products. "With the advancement of technology and the growing economy, our quality is improving," says Chinese ambassador Zhang Yan. Some market watchers concur. Kaustav Ghosh, advisor at PwC, says: "Huawei to a great extent has been able to shed the old image." ◆

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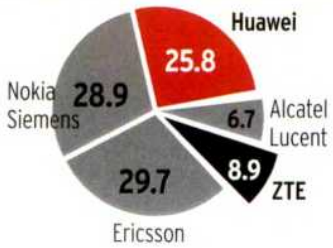
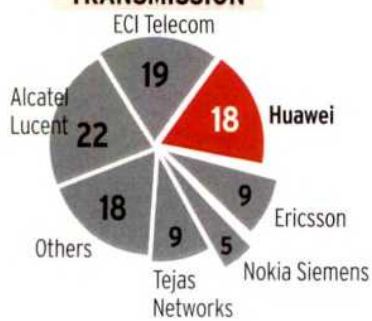
MARKET SHARE

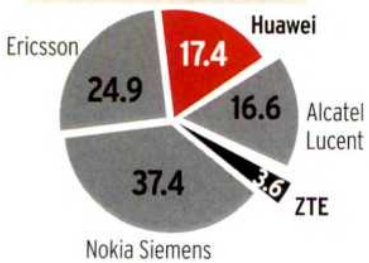
WIRELESS INFRASTRUCTURE



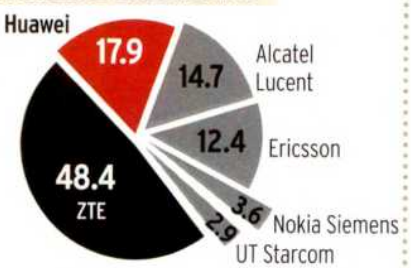
TRANSMISSION



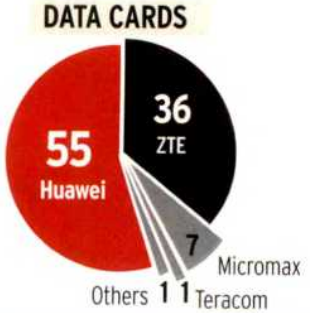
MANAGED SERVICES



WIRELINE BROADBAND



DATA CARDS



Source: V&D 100, 2011/12

All figures in per cent

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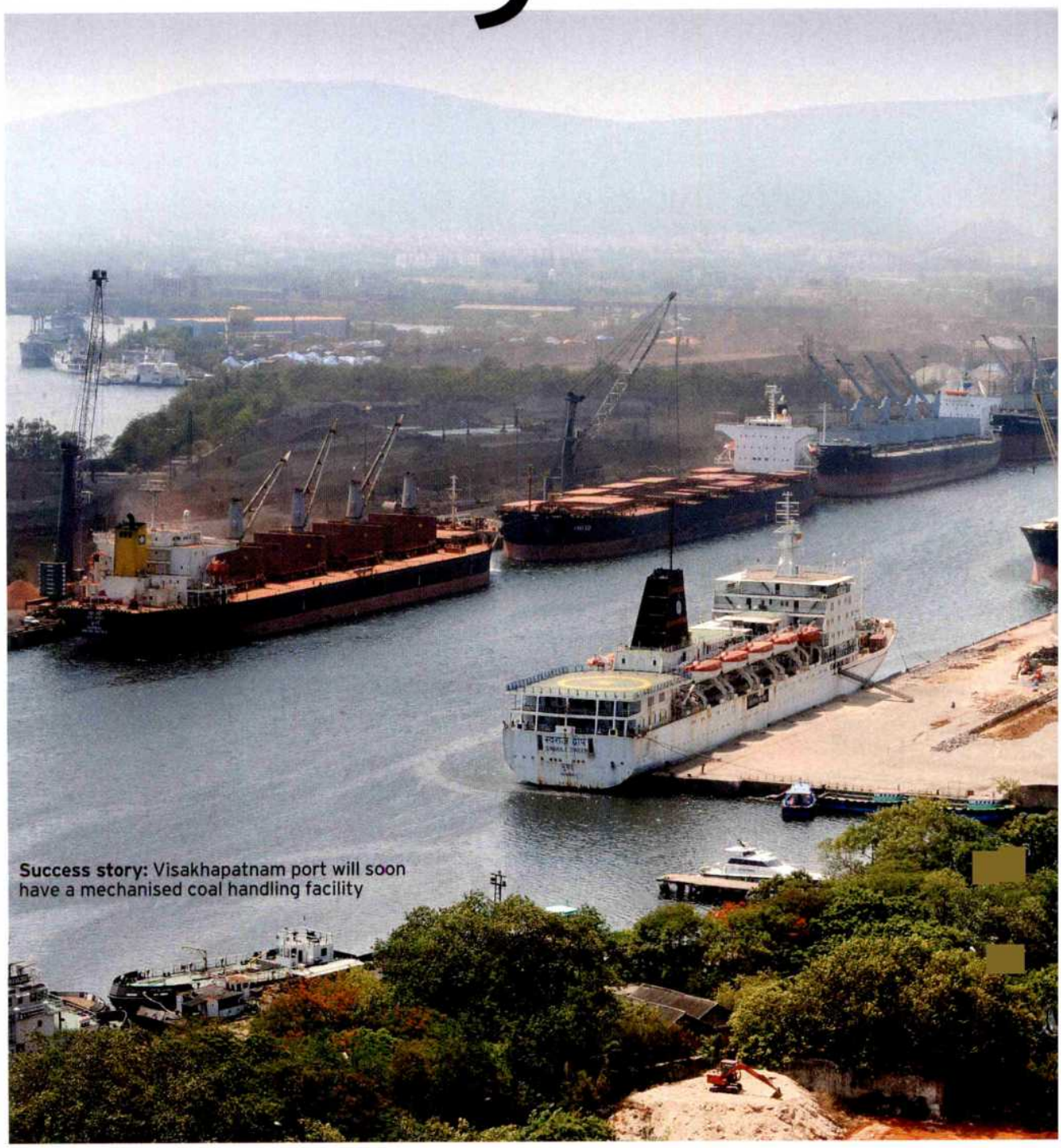
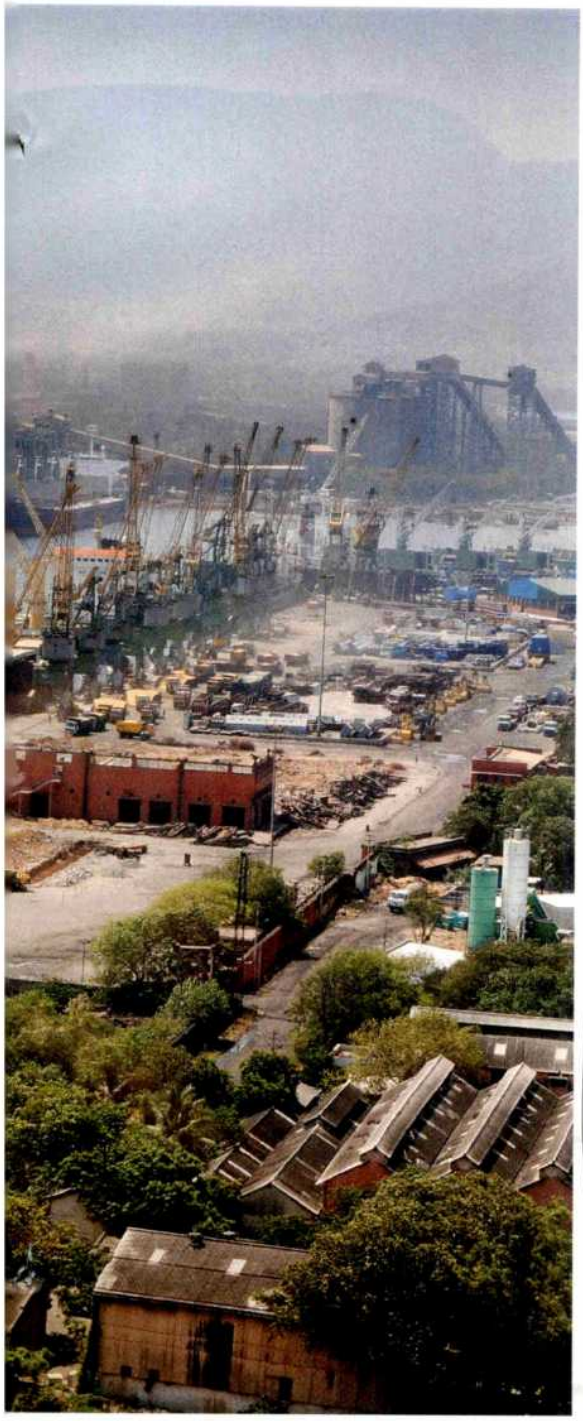
In Rough Seas



Success story: Visakhapatnam port will soon have a mechanised coal handling facility

K. BHASKAR RAO

Procedural hurdles and delays in approvals are hurting modernisation of India's major ports. By E. KUMAR SHARMA, G. SEETHARAMAN and N. MADHAVAN



Plumes of coal dust have become a part of everyday life in Visakhapatnam, the port city that handles a quarter of India's coking coal imports by major ports. Coal is manually unloaded from vessels and shovelled onto trucks that take it to an open stack yard from where winds carry coal dust to the city. But from October, a two-kilometre-long conveyor belt will transfer coal directly from vessels to rail wagons that will take the mineral to steel mills in Andhra Pradesh and other states.

The ₹600-crore mechanised coal handling facility is being built by Sterlite Industries, a Vedanta group company, under a public-private partnership (PPP) agreement signed with the Visakhapatnam Port Trust in October 2010. It will not only reduce coal-dust pollution in the city but also cut the turnaround time for vessels at the port. But the project is an exception in a sector where most ventures are running behind schedule (see *The Logjam*).

The government embarked on the PPP route for modernisation and expansion projects at major ports in the 1990s. India has 12 major ports, including in Paradip, Visakhapatnam, Chennai and Mumbai. These handled about three-fifths of India's cargo traffic in 2011/12. But they are choked to capacity and their market share has fallen from 74 per cent in 2003/04 to 61 per cent in 2011/12. The government aims to triple India's total port capacity to 3.1 billion tonnes by 2020. This requires investment of roughly ₹3 trillion (one trillion equals one lakh crore), mostly by the private sector.

"Modernisation of major ports is important as it will cut down the turnaround time for vessels once operations shift from manual to mechanised mode," says Ajeya Kallam, Chairman of the Visakhapatnam Port Trust, and President of the Indian Ports Association. The average turnaround time at most major

THE LOGJAM

Many major port projects are facing delays

PORT: **CHENNAI**
PROJECT: Mega Container Terminal
COST: ₹3,666 cr
CONSTRUCTION EXPECTED TO START: Unclear
CURRENT STATUS: Awaiting security clearance

Stuck: JNPT's fourth container terminal in Mumbai

BHASKAR PAUL

ports is four to four-and-a-half days. In comparison, the world's best ports, such as Singapore, take no more than a day. Even in India, the turnaround time at private ports is about two days, Kallam says.

So, why are port projects floundering? In a PPP project, the port offers the waterfront and land while the private partner undertakes the modernisation work. The process involves 15 to 17 stages before construction starts. This includes preparation of project reports, selecting bidders, and taking regulatory approvals. To standardise the procedure, the government drafted a model concession agreement in 2008. That has helped little in speeding up the pace.

Interviews with port officials and company executives indicate it takes two years for construction to start due to the time-consuming process and the delay in approvals. No wonder then that only three of 22 PPP projects which were to be awarded in the financial year ended March 31, 2012, could be finally given out. This year's target is 29 projects, but there is little hope of that happening. "While there seems to be intent on the part of the government to push this sector, we still have to see action on the ground," says Nitin Arora, a research analyst at Angel Broking.

Many projects are stuck. "Our financial bid for an iron ore export terminal at Mormugao, submitted in May 2011, has yet to be opened," says Divyanshu Tambe, Manager, Corporate Strategy, Sterlite Industries. The delay has pushed up the project cost from ₹1,000 crore estimated at the time. Sterlite is reviewing its decision to continue with the project, he adds. Mormugao Port Trust Chairman P. Mara Pandiyan says financial bids cannot be opened unless the Environment Ministry and the Cabinet Committee on Infrastructure clear the project. "For the past 18 months we have been pursuing with various authorities. The bidder (Sterlite) has already extended the validity of the bid three times, and if this does not get extended further we may have to re-do the whole project," he says.

At Paradip, Sterlite is awaiting forest clearance to build a ₹400 crore cargo berth. Construction was to begin in December 2010 but is now expected in March 2013 if it gets clearances by December this year. "We are pursuing the matter with the authorities and the forest clearance is in an advanced stage of process," says S. Anantha Chandra Bose, acting Chairman, Paradip Port Trust. Another project at Paradip has recently taken off, eight years after it was conceptualised. The project, to set up a coal berth with a capacity of 14 million metric tonnes a year, was awarded to Essar Ports in 2009. It got environmental clearance only this July and is likely to be commissioned in two years' time. "We don't bid for too many PPP projects. The bids are too high and don't make any commercial sense," says Essar Ports Managing Director and CEO Rajiv Agarwal.

It's a similar story at the Jawaharlal Nehru Port Trust (JNPT) in Mumbai. It was here that the first PPP port project, to set up a con-

PORT: **JNPT, MUMBAI**
PROJECT: Container Terminal
COST: ₹6,700 cr
CONSTRUCTION EXPECTED TO START: Unclear
CURRENT STATUS: Yet to sign concession agreement

PORT: **MORMUGAO**
PROJECT: Iron ore terminal
COST: ₹1,000 cr
CONSTRUCTION EXPECTED TO START: Dec 2013
CURRENT STATUS: Financial bid not opened

PORT: **PARADIP**
PROJECT: Cargo berth
COST: ₹400 cr
CONSTRUCTION EXPECTED TO START: March 201
CURRENT STATUS: Awaiting forest clearance

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tainer terminal, was undertaken in 1999. The port's three container terminals handled 56 per cent of India's container cargo in 2011. The fourth was awarded in September 2011 to a consortium of Singapore-based PSA International and India's ABG Ports. In January, the consortium refused to pay the ₹50-crore stamp duty to register the concession agreement. The state government has yet to decide on the stamp duty issue, says S.N. Maharana, Chief Manager, Operations, JNPT. PSA did not respond to *BT*'s emailed queries. To compound the problems, ABG in March sought to withdraw from the ₹6,700-crore project. The Shipping Ministry is likely to take a call on ABG's withdrawal soon. There have been reports that JNPT could invite fresh bids, but Maharana did not wish to comment on the matter.

The situation is no better at Chennai port, a hub for car exports. Here, a mega container terminal is in the works. Senior port officials, who did not wish to be identified, say the ₹3,666-crore project would boost container handling capacity to seven million twenty-foot equivalent units (TEUs) from two million TEUs. Essar Ports and Adani Ports have bid but are awaiting security clearance from the Home Ministry.

ACTION PLAN

Main suggestions to speed up projects

- ☑ Delegate more powers to port authorities
- ☑ Allow port trusts to approve PPP projects
- ☑ Allow port trusts to okay projects up to ₹500 crore
- ☑ Set up a nodal agency to ensure regulatory clearances
- ☑ Review the need for security clearances for Indian companies
- ☑ Ensure all clearances are in place before inviting bids

"We should have awarded the contract in 2011/12 but the security clearance has not come. We hope to award the contract by the third quarter of this fiscal year," says a port official. Container cargo makes up 53 per cent of overall cargo the port handles and is growing at 24 per cent a year. The port's focus on container cargo comes after the Madras High Court, acting on a petition on pollution caused by dust of coal and iron ore, ordered it to stop handling the two minerals from October 2011. The ban led to a drop in cargo volume to 55.71 million tonnes in 2011/12 from a record 61.46 million tonnes the previous year when it handled 17 million tonnes of coal and iron ore.

Port officials and industry executives say the port trusts should be given more powers (see *Action Plan*). The trusts should be allowed to approve projects entailing investment of up to ₹500 crore, compared with the current cap of ₹50 crore. In fact, the government is already taking steps to expedite projects, says a shipping ministry official. In late September, for instance, the government enhanced the ministry's financial powers to clear PPP port projects entailing investment of up to ₹500 crore from ₹300 crore previously, the official said. In early August, the Centre eased the land transfer policy and did away with the need for Cabinet approval for some project categories.

Pratik Agarwal, Director, Sterlite Ports, the holding company formed for the Vedanta group's port assets, says companies should conduct proper due diligence and risk-return analysis before bidding. "Projects should be bid out only after all major clearances, like those relating to environment, forests and security, are in place," he says. Kandla Port Trust Chairman P.D. Vaghela, however, thinks it may be unrealistic to expect major changes anytime soon. "Government procedures are bound to take time and one cannot have things overnight." ◆

ADDITIONAL REPORTING BY SANJIV SHANKARAN

Choked: Chennai port is expanding its capacity

H.K. RAJASHEKAR

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The Most Powerful Women in Indian Business

The Changemakers

NISHIKANT GAMRE/www.indiatodayimages.com

Kalpana Morparia, Chief Executive, JPMorgan India, set the tone at *Business Today*'s 'Most Powerful Women in Indian Business' awards held at the Trident Hotel in Mumbai on September 27. She said companies with women on their boards tackle crises better than those without. "Studies show they performed even better during the post-Lehman crisis," she said at the first panel discussion of the evening. Morparia recalled that at one point three of five whole-time directors at ICICI Bank, her former employer, were women.

Fellow speaker Leena Nair, Executive Director, Human Resources, Hindustan Unilever, turned the topic of the discussion around from 'Why there should be more women in the boardroom' to 'Why we don't have more women in the boardroom'. She questioned the tendency to conduct studies to prove why there should be more women in the workplace while there was no such need for men, prompting a round of applause from the audience. "There are as many good women as men," she said. Later in the evening,

BT's 'Most Powerful Women' event went beyond just honouring the winners.

By G. SEETHARAMAN

(From left) Kirthiga Reddy, Head and Director, Online Operations, Facebook India; Preetha Reddy, MD, Apollo Hospitals; Abanti Sankaranarayanan, MD, Diageo India; Tanya Dubash, Executive Director, Godrej Group; Jyotsna Suri, Chairperson and MD, Bharat Hotels; Debjani Ghosh, MD, Sales and Marketing, Intel South Asia; Aroon Purie, Editor-in-Chief, India Today Group; Kalpana Morparia, CEO, JPMorgan India; Chaitanya Kalbag, Editor, Business Today; Chua Sock Koong, Group CEO, Singapore Telecommunications; Sangeeta Pendurkar, MD, Kellogg's India; Aruna Jayanthi, CEO, Capgemini India; Renuka Ramnath, Founder, MD and CEO, Multiples Alternate Asset Management; Leena Nair, Executive Director, HR, Hindustan Unilever; Archana Hingorani, CEO, IL&FS Investment; Zahabiya Khorakiwala, MD, Wockhardt Hospitals; Lynn de Souza, Chairman and CEO, Lintas Media Group; Aisha de Sequeira, MD, Morgan Stanley India

Chief Guest Chua Sock Koong, Group CEO, Singapore Telecommunications (SingTel), echoed Nair by urging women not to short-change themselves and to live up to their potential.

Preetha Reddy, Managing Director, Apollo Hospitals Enterprise, the third panellist at the discussion moderated by *BT* Editor Chaitanya Kalbag, said women were instinctively better managers than men. "We tend to listen more and take fewer risks," she said. The discussion was indication enough that *BT*'s ninth MPW event had bested the previous years' ceremonies. All three panellists dismissed the existence of a 'glass ceiling', and opposed quotas for women at the workplace.

The next speaker shifted atten-

NISHIKANT GAMRE

Aroon Purie, Editor-in-Chief, India Today Group, addressing the audience

Farida Lambay, Co-founder, Pratham

(From left) Kalpana Morparia, CEO, JPMorgan India; Preetha Reddy, MD, Apollo Hospitals Enterprise; Leena Nair, Executive Director, HR, Hindustan Unilever

NISHIKANT GAMRE

tion away from the workplace. Farida Lambay, co-founder of Pratham, a non-governmental organisation working in the area of education for poor children, said we as a nation are "failing our girls." To buttress her point, she mentioned that the literacy rate for men in India was 68 per cent while for women it was just 58 to 59 per cent. She rattled off more numbers on the skewed sex ratio and dropout rates for schoolgirls to get the audience thinking on how much more needs to be done for women.

The grim picture painted by Lambay was soon reversed by three young women who captivated the audience with their wit and insight on whether today's young women were prepared for a bigger role in business. Devita Saraf, CEO of Vu Technologies, said it was no longer surprising to see a young woman CEO. "That awkwardness (of being a young woman CEO) is gone," she said. Zahabiya Khorakiwala, MD, Wockhardt Hospitals, said the environment at Wockhardt when she assumed her current role was far from hostile despite there being several old hands who had worked with her father, Habil Khorakiwala.

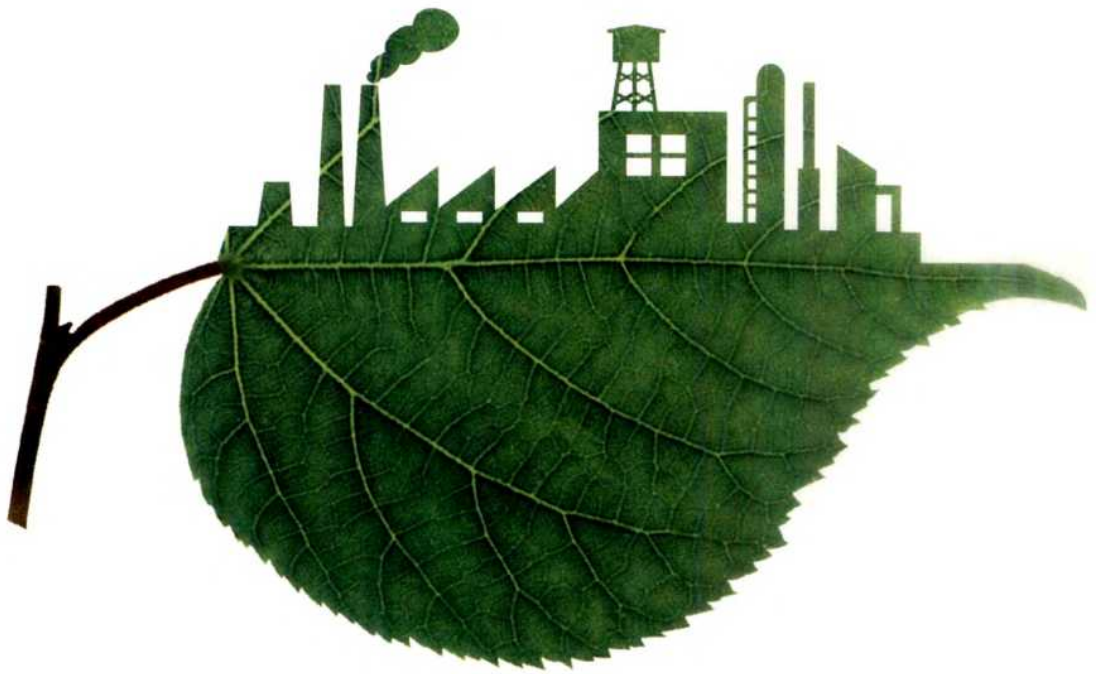
> "Companies with women on their boards tackle crises better than those without. Studies show they performed better during the post-Lehman crisis"
>
> Kalpana Morparia, CEO, JPMorgan India

RACHIT GOSWAMI

Chief guest Chua Sock Koong (left) with Balaji Telefilms Joint Managing Director Ekta Kapoor

Saraf, who hails from a Marwari family, said sons in India were considered "money coming in" while daughters were "money going out". But she cited her own example as a sign of attitudes changing. "As an educated woman you do a disservice to those women who don't have that opportunity by not working," she said. She added, in jest, that if a Marwari man puts ₹100 in his daughter's business and gets back ₹200, he would have 10 daughters. While the discussion touched upon what organisations should do to encourage women, Lara Balsara, Director, Madison World, said success had a lot to do with the individual as well. Khorakiwala, who got the *Dove* award for the 'Most Promising Young Woman in Indian Business', added that women should not have to choose between work and family.

The discussion segued into the evening's main event, which was kicked off by Editor-in-Chief, India



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RAHUL GOSWAMI

Aroon Purie, Editor-in-Chief, India Today Group, with chief guest Chua Sock Koong

NISHIKANT GAMRE

(From left) Lara Balsara, Director, Madison World; Zahabiya Khorakiwala, MD, Wockhardt Hospitals; Devita Saraf, CEO, Vu Technologies and Shweta Punj, Associate Editor, Business Today, at a panel discussion

Today Group, Aroon Purie. "It (MPW) is a listing we are immensely proud of, especially because we were the first to create such a platform as far back as in 2003," he said. Purie added that half of the 100 million Indians who will join the workforce in the next 10 years will be women. "Many of these women will be first-generation entrepreneurs. The signs are already there. Women are not just doing well in high-profile jobs but have now started moving out to start their own ventures," he noted. Purie cited the example of Maharashtra's Kalpana Saroj, who heads the ₹300-crore Kamani Tubes, a maker of copper tubes. Saroj, born into a Dalit family and married off at 12, only to see her marriage collapse within months, is an inspiration for not just women but men as well.

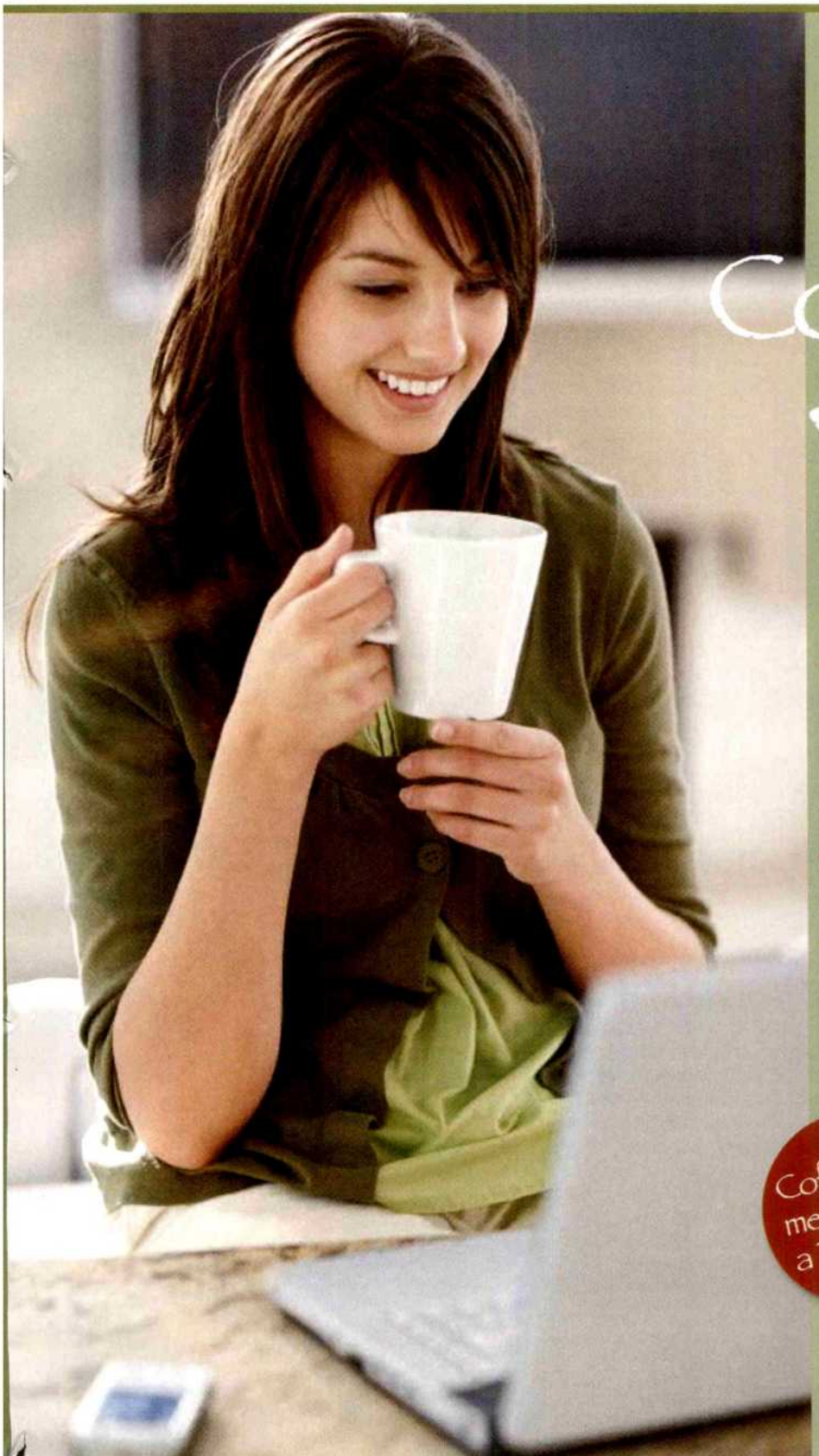
Next to take the stage was Chua of SingTel, the largest company by market value on the Singapore Exchange. Chua also sits on the board of Bharti Airtel, in which SingTel holds about 32 per cent stake. She opened her keynote address by saying companies have benefited from gender diversity. She said that maintaining a work-life balance was the biggest challenge for a working woman. "It's okay to have different priorities at different stages of your life," said this mother of two daughters. Chua said organisations could do a lot to alleviate systemic barriers to growth for women leaders. She stressed upon the need for a support system of friends and family. "We can't do everything by ourselves. We shouldn't be afraid to ask for help."

> **"As an educated woman you do a disservice to those women who don't have that opportunity, by not working"**
> Devita Saraf,
> CEO, Vu Technologies

Chua's address was followed by the honouring of the women who have entered the '*BT* Hall of Fame', which was created last year for leaders who make it to the MPW list seven times. While the inaugural '*BT* Hall of Fame' had six women, there were four more this year: Apollo's Reddy; JPMorgan's Morparia; Zia Mody, Managing Partner, AZB & Partners; and Shobhana Bhartia, Chairperson and Editorial Director, Hindustan Times Group.

Next came the 25 'Most Powerful Women' of 2012. The list had an interesting mix of veterans such as HDFC Managing Director Renu Sud Karnad and new entrants such as Diageo India Managing Director Abanti Sankaranarayanan. Some of them, including Leena Nair and Capgemini India CEO Aruna Jayanthi, came with their families in tow. After all, the awards were a celebration as much of their achievements as of their 'support system'.

The presenting sponsor of the event was Dove. Ebco was the associate sponsor and Pinky was partner. ET Now was the official television partner of the event. ◆



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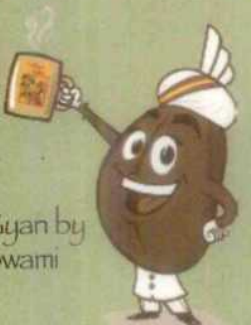

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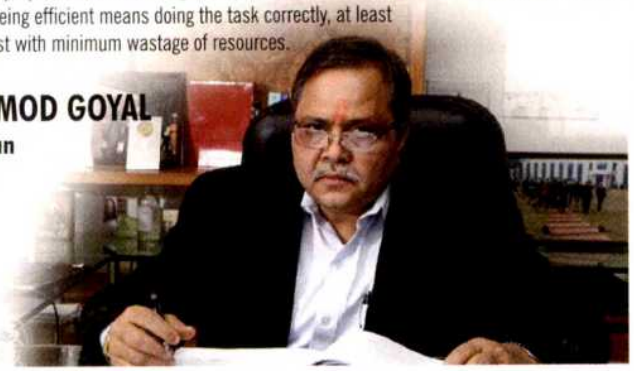

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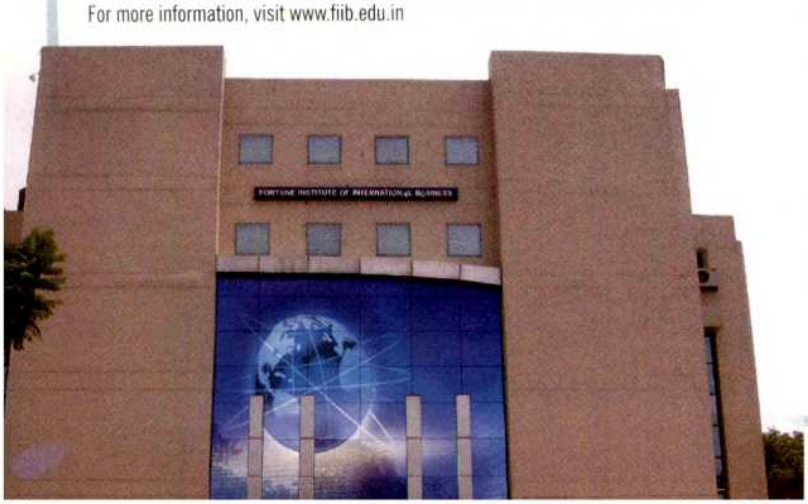

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MANISH GUPTA
Chairman, JIMS

Established in 1993, Jagan Institute of Management Studies is a premier business school in India. JIMS imparts professional education at post graduate level in the fields of management and information technology. In management, JIMS offers three Post Graduate Programs – PGDM, PGDM (IB) and PGDM (RMM). All these programs are duly approved by AICTE. Its PGDM program is accredited from National Board of Accreditation (NBA) for excellence in quality education. PGDM has also been granted equivalence to MBA degree by Association of Indian Universities (AIU). JIMS is a place of learning for knowledge-driven learners. It has been built with an aim to impart education that surpasses the benchmarks of excellence. To achieve the motto it has a comprehensive pedagogical structure which provides paramount academic skills, curriculum with the ever-evolving dynamics of global business environment, esteemed faculty with their vast experience and expertise and world class facilities.The USP of JIMS does not lie in doing anything bizarre; anything out of the box; anything unconventional. We would like to remind the off-repeated Shiv Khera phrase 'Winners do'nt do different things; they do things differently'. Similarly JIMS, like any other management Institute of repute, does conduct its curricular, co-curricular and extra curricular activities; be it class room teaching; syllabi revision and upgradation; presentations and soft skills; live projects and so on. However, we make sure that the so called routine curricula are delivered in a manner that a student with IT background comprehends the issues in the same manner as a student with English (Hons.) background or Commerce (Hons.) background. We encourage creativity; enhance core capability; impart specific skill. We not only train our students to be efficient managers only but also to be responsible citizens and honest human beings.

THUS, THE UNIQUE SELLING POINTS OF JIMS ARE:-

- **Comprehensive and transparent selection process based on academic achievement; CAT/MAT score, GD and PI.**
- **Ideal location and easy accessibility by all modes of public transport.**
- **Rich cultural diversity in student intake: JIMS is an institution with PAN India character.**
- **Reasonable fees structure, payable in four easy installments spread over two years.**
- **Excellent placement which ensures high return on investment.**
- **Life long association as JIMS alumnus.**

JIMS thus proves to be an ideal place for those wishing to engage in academic pursuits and seek intellectual fulfillment.

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

INTALKWITH

CA JAYDEEP N. SHAH
President, ICAI

What is ICAI's outlook for the Indian market for 2012-13?

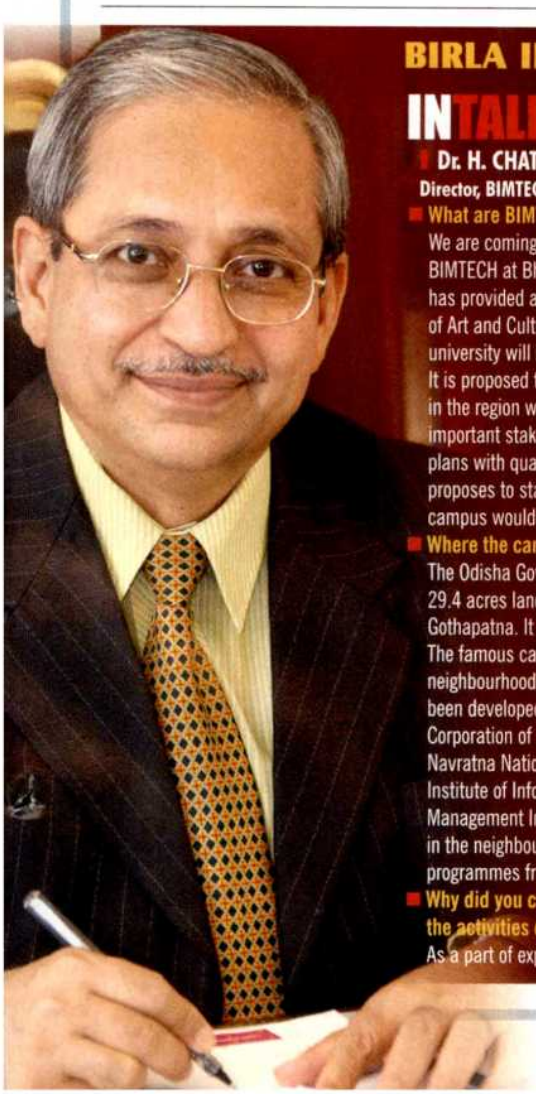
Although global markets are in the phase of stabilizing, Indian market is more or less resilient to the effect of the downturn and will flourish in the years to come. ICAI as a regulator, acts as professional developer, educator, standard setter and government advisor on various policy matters for the economic and financial development of Indian markets. ICAI, through its regulatory driven mechanism of Peer Review Board and Financial Reporting Review Board, aims at having oversight over the professionals for which it seeks full autonomy in its functioning to fulfill its avowed mandate.

What are some of the key developments affecting the profession of accountants in India? (IAB Report)

The emerging scenario of the Indian accounting profession is focusing on the socio economic concepts like sustainability reporting, integrated reporting framework, Cloud computing, environmental accounting, social audits and alike. ICAI is actively looking forward to address the issue of expectation gaps with its various stakeholders with an aim to rebuild the public trust in the financial reporting. CA Amendment Bill was passed by both houses of the Parliament paving the way for Limited Liability Partnerships (LLPs) and Multidisciplinary Partnerships (MDPs) to help the professionals and thereby the country in achieving a leadership position in the services sector.

How has the year (2011-12) been for the profession of accountants?

ICAI has been regulating the accountancy profession for more than last 6 decades and is now proceeding towards the phase of consolidation. Since last decade, economy momentum is stabilizing and the role of accountants whether during buoyancy or downturn has always been complementary towards building a credible, reputable and internationally competitive economy, irrespective of the capacities in which they perform. The demand for Chartered Accountants is rapidly growing on account of fast changing requirements of corporate and changes in regulations, listing requirements, need for better corporate governance and so on. The average starting salary offered to newly qualified CAs was around R6.5 lakh per annum. An annual package of R 14 lacs was offered for domestic posting and R 25 lacs for International posting.



BIRLA INSTITUTE OF MANAGEMENT TECHNOLOGY

INTALKWITH

Dr. H. CHATURVEDI
Director, BIMTECH

What are BIMTECH's plans for future?

We are coming up with new and sister institution of BIMTECH at Bhubaneswar, Odisha. Government of Odisha has provided a sizable land to BIMTECH and Birla Academy of Art and Culture to open a university. The proposed university will be named as Birla Global University (BGU). It is proposed to set up a global level academic institution in the region with support of government and other important stakeholders. The institution has high expansion plans with quality teaching and research offering. It proposes to start from management education. This campus would be operational from July 2013.

Where the campus is coming at Bhubaneswar?

The Odisha Government has taken a decision and allotted 29.4 acres land located in a prime institutional area called Gothapatna. It is not far away from the city and the airport. The famous caves of Udaigiri and Khandgiri are in the neighbourhood of this location. Gothapatna has already been developed by the Infrastructure Development Corporation of Odisha (IDCO). Three renowned institutions - Navratna National Aluminum Company (NALCO), India Institute of Information Technology (IIIT) and International Management Institute (IMI, Delhi) have been allotted plots in the neighbourhood. IIIT and IMI are already running their programmes from Gothapatna Institute Area.

Why did you choose Bhubaneswar as a place to expand the activities of BIMTECH?

As a part of expansion at pan India level under the Vision – 2011 of our institute around 2007-09 we explored the possibilities of setting up a second campus at Gujarat, Rajasthan, Haryana or Odisha. We were offered land by the respective state governments, but we decided in 2009 to travel to Bhubaneswar, the blossoming state capital of Odisha. Going to Odisha and setting up another campus at Bhubaneswar has been part of our long term strategy to expand both inside and outside the country. Through the Bhubaneswar Campus, we would like to serve the higher education needs of Odisha, Jharkhand, Chattisgarh, West Bengal, Andhra Pradesh, Assam, Manipur, Mizoram, Nagaland, Arunachal Pradesh, Nagaland, Sikkim and Tripura. Having seen the growth of Bhubaneswar as a big destination for higher education in Eastern India, we decided to set up our new campus at Bhubaneswar.

Which all programmes would be offered at the Bhubaneswar Campus?

The academic and industry strength of BIMTECH Greater Noida will create a synergy to establish the new campus with the same strength in academic and industry interactions. It is proposed to initiate a diversified profile of management education in the domains which demand professional manpower in volume. The domains of general management, design and mass communication and journalism are having immense potential and opportunities for fresh graduates in the areas. We intend to offer PGDM, Masters in Mass Communication & Journalism, Integrated Law and BBA. Approvals would be taken from competent authorities for each of the programmes.

ACCURATE GROUP OF INSTITUTIONS, GREATER NOIDA

Spreading the Light of Education

An ISO 9001:2000 and ISO 14000:2001 certified institution; the institute is located in a 16 acre lush green campus at 49, Knowledge Park-3, Greater Noida. The Institute has various engineering and management programmes i.e. PGDM, MBA, MCA, and B.Tech. All programmes are approved by AICTE, Ministry of HRD, Govt. of India and all degrees are awarded by Uttar Pradesh Technical University. The Institute was established in the year 2006 and the Awards, Ratings & Recognitions are the evidence of the height of excellence which ACCURATE has achieved with in a very short span of five years. The Accurate compromises of a rich pool of highly qualified and dedicated team of faculty members with rich industry experience and research background. The institute is imbibed with modern infrastructure with 24x7 Wi-Fi facility and technological support to facilitate teaching, learning and personality development. ACCURATE has made rapid strides in the last five years facilitating academic excellence and industry interface. For wider dissemination of knowledge among the business community and academia and in its knowledge creation and dissemination activity.

Placement is on top agenda at campus for all. The entire gamuts of academic activities are oriented to provide the best possible placement in leading corporate houses/MNC. Last year a total of 201 companies and corporate including Public Sector Banks namely Bank of Maharashtra and Oriental Bank of Commerce participated in the placement activities and multiple job offers were achieved for individual students.

In the words of Ms. Poonam Sharma, the Group Director of the Accurate Institute of Management and Technology, "Accurate has a vision to produce the students having the knowledge comparable to the top Institutes of the Country Our motto remains to impart vibrant, comprehensive and innovative learning to our students enabling them to be managers, entrepreneurs and leaders with strong cultural values and to provide an ideal teaching environment and ambience to develop their skills to meet the challenges of the global environment.

THE INSTITUTE OF Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

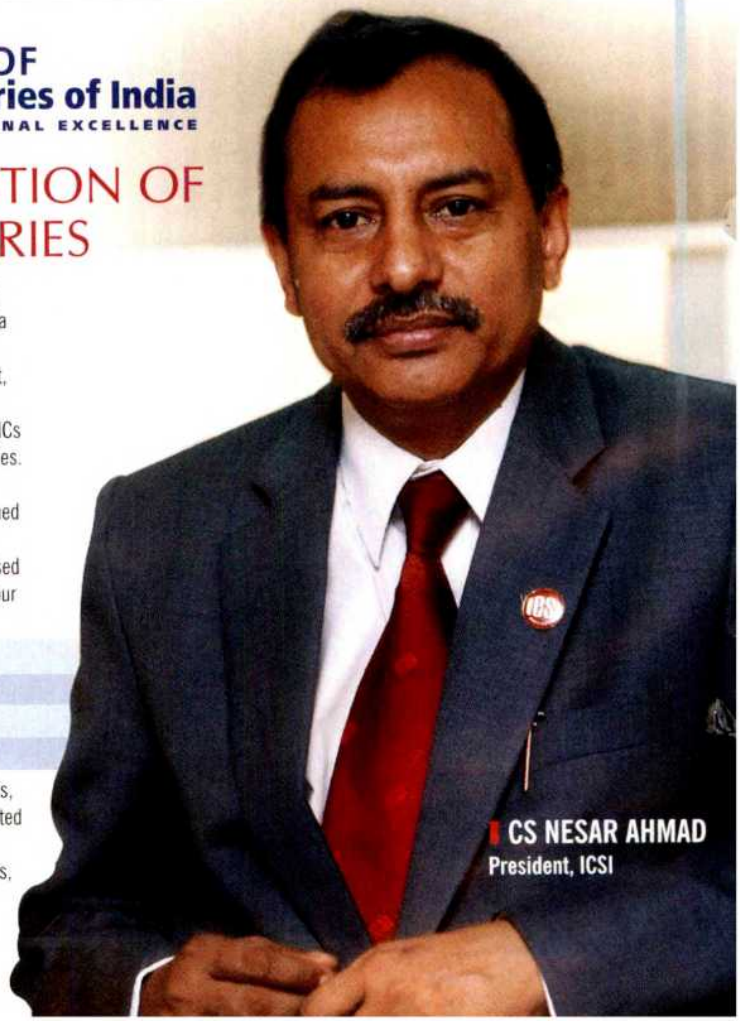
40TH NATIONAL CONVENTION OF COMPANY SECRETARIES

On the occasion of 40th National Convention of Company Secretaries, Shri Nesar Ahmad, PRESIDENT of the Institute of Company Secretaries of India (ICSI) informed that "Change cannot result in value added proposition unless it is driven in a right perspective. In the context of corporate environment, which has seen an array of reforms in terms of enactment of new legislations, mobilisation of capital market, inflow of foreign capital, growth in number of MNCs etc. and has opened new opportunities for professionals like Company Secretaries. Vision 2020 in its broader perspective is metamorphic in nature requiring to transform from the nascent stage to a level where the whole structure is redefined not only in confirmation to the present but in conformation to future".

It is in this backdrop, the theme of the 40th National Convention has been devised as VISION 2020 -TRANSFORM, CONFORM AND PERFORM to be deliberated in four technical sessions:

- **Economic Volatility and Risk Management**
- **CS- Whistle Blower or Conscience Keeper**
- **Financial Markets- Engine for Economic Growth**
- **Challenges and Opportunities in SME Sector**

About 1500 delegates including Company Secretaries, Managing Directors, CEOs, Directors, Senior Executives and professionals from India and abroad are expected to participate in the National Convention at Ambey Valley, Pune. The three-day Convention will be addressed by Captains of trade and industry, eminent experts, academicians, senior civil servants and professionals.



QUICK DISPOSAL
IRDA HAS PROPOSED THAT ALL CLAIMS SHOULD BE SETTLED WITHIN 30 DAYS OF SUBMISSION OF DOCUMENTS

Covering All the Bases

The regulator suggests further guidelines to make life and health insurance more comprehensive.

By **CHANDRALEKHA MUKERJI**

Improvement is a continuous process. This seems to be the motto of the Insurance Regulatory and Development Authority (IRDA). It has already revamped the unit-linked insurance plan (ULIP), structure, allowed portability of health plans and set down stringent pension plan guidelines to make the industry customer-friendly. Now it has released draft guidelines on life and health insurance. How will these take things forward?

Life Insurance

Proposed Change: *Increase in minimum death benefit.* The guidelines prescribe a minimum basic sum assured of 10 times the annual premium if the age of the policyholder is less than 45 years, and seven times the annual premium if he is 45 or above. For single premium products, the life cover must be at least 125 per cent of the premium paid if the person is below 45 at the time of buying the policy and 110 per cent if older.

To get a tax rebate under Sections 80C and 10 (10D) of the Income Tax Act, the minimum basic

WHAT AGENTS EARN

IRDA has proposed that agents's commissions be linked to the tenures of policies they sell. Agents's current commissions:

POLICY TYPE	PREMIUM PAYING TERM	UPFRONT COMMISSION (1ST YEAR)	TRAIL COMMISSION (2ND & 3RD YEAR)	TRAIL COMMISSION (FROM 4TH YEAR ONWARDS)
Endowment/Term Plans	15+ YRS	**25% - 30%**	5%	5%
Endowment/ Term Plans	10-14 YRS	**20% - 25%**	5%	5%
Endowment / Term Plans	5-9 YRS	**10% - 15%**	5%	2%
Endowment / Term Plans	SINGLE PREMIUM	**2%**	0%	0%
Money Back	15+ YRS	**15% - 25%**	5%	5%
ULIPs	REGULAR PREMIUM	**10% - 15%**	2%	2%
ULIPs	SINGLE PREMIUM	**2%**	0%	0%

sum assured should be 10 times the annual premium.

What it means for you: It provides higher life coverage, but an increase in premium as well, especially for the old and those in the high-risk category, due to their poor health. Besides, those who have sufficient life cover may not benefit. "The guidelines prescribe a minimum death cover for the entire term of the policy. Young customers will be assured a minimum protection throughout the term. However, older ones looking at wealth creation instead of protection will have to bear the cost of higher death covers," says Pavan Dhamija, Managing Director and CEO, DLF Pramerica Life Insurance.

But given that protection, not returns, is the primary goal of any life insurance policy, this will benefit the customer. IRDA also proposes increasing minimum tenure of a policy to five years. "A longer commitment may not suit all," says Arvind Laddha, CEO, Vantage Insurance Brokers and Risk Advisors.

Proposed Change: *Intermediary commission linked to policy tenure.* An insurer will be allowed to pay up to 14 per cent annual premium to agents on policies with tenures of five to nine years, 28 per cent on 10 to 14 year plans and 40 per cent on policies with tenures of more than 15 years. Companies, which have been in the business for more than 10 years, can pay up to 35 per cent on policies longer than 15 years.

What it means for you: This will benefit customers, insurers as well as agents. While distributors will push long-term products to earn higher commissions, policyholders will get protection for the long term at lower cost. "The longer the duration, the higher will be the commission. And because the commission will be distributed over the policy tenure, the impact on pricing will be minimal," says Girish Kulkarni, MD & CEO, Star Union Dai-ichi Life Insurance. This will increase the chances of policies remaining in the insurer's books for a longer term.

65 years
The new proposed age up to which people can buy health policies, with lifelong renewal

Proposed Change: *Modification in guarantee on surrender value.* The draft guidelines say insurance products with premium-paying terms of 10 years or more will acquire guaranteed surrender value (GSV) after payment of the third annual premium. Policies with a premium-paying term of less than 10 years will acquire GSV after payment of two yearly premiums, while single-premium products will acquire GSV at the end of the first policy year.

What it means for you: At present, only policies where premiums have been paid for at least three years are eligible for GSV. The change will benefit those who are finding it difficult to pay the premium. It will entitle them to a surrender value after two years if the premium-paying term is less than 10 years. IRDA has also

Electric cars: 15 minutes charging, 200 km driving?

Having to wait eight hours to fully recharge an electric car is the main reason for not buying one. But things have changed: With ABB's direct current (DC) chargers charging time has been slashed to as little as 15 to 30 minutes. No wonder the Estonian government is relying on ABB to build Europe's largest electric vehicle fast-charging network. By the end of the year the Estonian main roads will have fast chargers every 50 km. Once accomplished the goal to significantly reduce CO_2 emissions by 2020 moves a lot closer.

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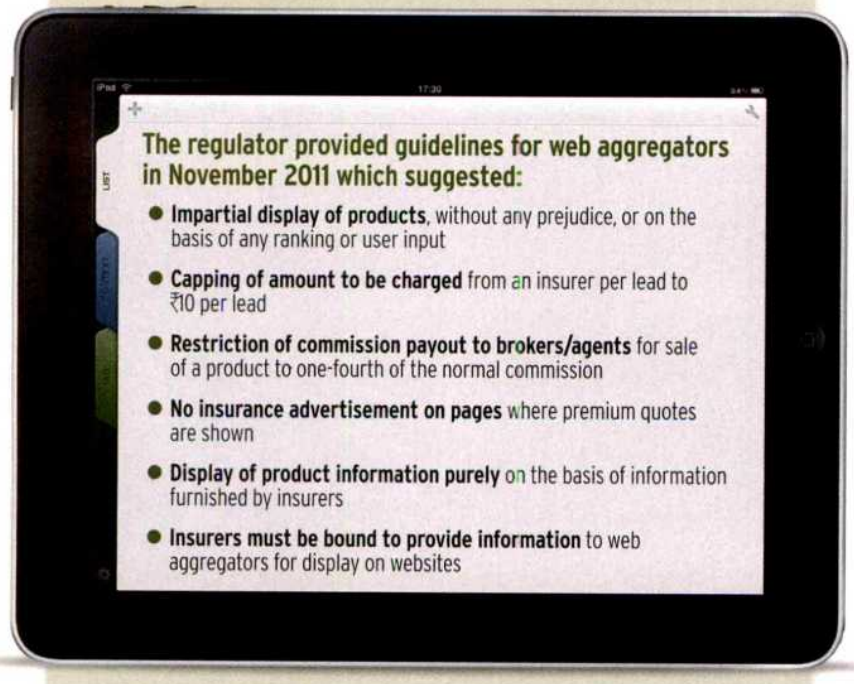
Online Assistance

There are over 1,000 live insurance products in the market. It is impossible for any insurance advisor to know all of them well. This is where web aggregators or insurance product comparison websites step in and offer insights into products, premiums and charges, enabling comparison of similar products, besides resolving post-purchase dissonances.

Aggregators have helped reduce commissions to almost zero per cent. Companies have passed on the entire benefit to consumers by way of either reduced premiums in cases of term policies, health and car insurance or higher allocation in case of ULIPs.

For customers, the guidelines are a mixed bag. Though they can see the premium to be paid and expected returns and compare different policies, the additional information about what other people are searching for, plus reviews, are not available. On the positive side, aggregators have been recognised. Moreover, chances of misinformation and advertisement-driven bias have been reduced. However, we feel there should be peer reviews too. Also, analysis of factual information must not be forbidden as it is at present. Information made public by companies and IRDA should be usable. The guidelines should benefit both consumers and businesses.

– **Yashish Dahiya,** *Co-founder and CEO of Policybazaar.com*



proposed ending loans against ULIPs.

Proposed Change: *Introduction of index-linked insurance plans (ILIPs).* These will be similar to equity-linked ULIPs with the difference that the basket of stocks they will be allowed to invest in will be defined – an investment or economic index. "Index-linked products are expected to be linked to indices approved by the regulator. Based on the ongoing discussions, we understand that they will be linked to government securities," says Kulkarni.

This means that unlike in case of ULIPs, which have a lot of freedom in investing, there will not be any variation in the portfolio. Each policyholder will have a separate account. "The account value will reflect the premium paid, net of mortality charge, and interest earned. The policyholder will earn throughout the policy term," adds Kulkarni.

What it means for you: Since the fund will be linked to a benchmark or index, ILIPs are likely to be more stable than equity-linked ULIPs. They can be a good option for people who cannot take too much risk but still want to invest in equity markets. Also, the insurer will not be allowed to deduct any charge, except the mortality fee.

Proposed Change: *Re-allotment of 'orphan policies' without charging interest on premiums due.* Orphan policies are those where premium has not been paid for at least six months as the agent is inactive. At present, if a customer does not pay premium on time and wants to renew the policy later, the insurer charges interest on the due amount. IRDA wants to stop this. A recent guideline on orphan policies also allows life insurers to re-allot them to agents who are still active. The rules for this have already been laid down.

What it means for you: This will benefit all those who have problems with their policies because their

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"Index-linked products are expected to be linked to indices approved by the regulator. Based on ongoing discussions, we understand that they will be linked to government securities"

GIRISH KULKARNI, MD & CEO, Star Union Dai-ichi Life Insurance

agents have quit the company. They will continue to receive after-sales service. "This will enable companies to improve their persistency ratio and hence their bottom lines," says Dhamija. However, the 'no interest on unpaid premiums' proposal, a positive for customers, has been criticised by some. "It may encourage bad premium-paying behaviour and delays," says Laddha.

Health Insurance

Proposed Change: *Sale of health policies to people up to the age of 65, and lifelong renewal.* This will give options to the elderly, who are currently denied health covers as they are more likely to file claims. As age and health decide the premium, these products will not be cheap. "Having the option, even if expensive, is better than having no protection. IRDA has sought to redress this by allowing insurers to price products according to costs," says Neeraj Basur, CFO, Max Bupa Health Insurance.

Insurers do not have adequate data to price policies for senior citizens, as they were not required to cover the category earlier. "Inadequate data makes pricing a problem. The challenge is ensuring a balance between keeping policies affordable and avoiding losses," says Vantage Insurance Brokers' Laddha.

Proposed Change: *It will be mandatory for insurers to provide customers a 'policy snapshot,' a one-page information sheet covering benefits, exclusions and grievance mechanisms.* In addition, as with life insurance, health insurance products will have a 15-day free-look period during which they can be returned. The aim is to curb mis-selling of policies and ensure informed decision making. To ensure there are no arbitrary increases in premiums, IRDA has also proposed that discounts and 'loadings' (extra charges on renewal) be disclosed upfront in both the prospectus and the policy document. Moreover, insurers will not be allowed to increase premiums for one year after the product has been cleared. For any price revision, insurers will have to submit a written justification along with supporting documents to IRDA.

Proposed Change: *Quick claim settlement.* All claims will have to be settled within 30 days of submission of documents. An insurer will not be allowed to reject a claim for non-submission of documents without an enquiry into the reasons for the delay. In such a case, the insurer will have to prove his case, not the insured. Also, the reasons for rejection will have to be given in writing. Every insurer and third party administrator will need to have a separate channel for senior citizens for grievance and claims' settlement.

Proposed Change: *More flexibility.* Under the 'migration option' in the proposed guidelines, specific policies, for instance, maternity and student policies, as well as children covered under family floater policies, will have the option to migrate to another suitable plan at renewal or a specified exit age. It is also proposed to allow insurers to launch three-year plans to reduce operational problems and reduce prices. At present, health insurance is a one-year contract. ◆

Courtesy: *Money Today*

More Proposals

Cumulative bonuses
These have to be mentioned in the policy document and the bonuses would be included in the sum insured to calculate the sub-limits

Reward Mechanism
Insurers will have to device mechanisms to reward policyholders for buying at an early age, regular renewal and favourable claim experience. All this will have to be declared upfront in the policy document

Multiple Indemnity Plans
If a customer has more than one indemnity policy, the insurance company cannot apply the contribution clause that makes both the insurers liable to pay the claim in the ratio of the sum insured. The policyholder will have the right to choose the insurer with whom he would like to settle the claim

Multiple Fixed-benefit Plans
Fixed-benefit plans will be free from contribution clauses. For the claim payments, the insurer would have to settle the claim independent of payments received under other similar plans

Withdrawal of Health Plan
Insurers won't be allowed to discontinue any plan unless existing customers are offered a suitable alternative

Additional Benefits
Insurers must reimburse at least 50% cost of health check-ups done before the policy is bought. The regulator has also proposed to introduce non-allopathic treatments and HIV/AIDS insurance covers

AN IMPACT PRESENTATION

BUSINESS HOUSES OF TAMILNADU

Tamil Nadu's economy is seeing a steady rise, with a recorded rate of growth of 9.4 per cent in the past year; and the state's business scenario has always had a healthy mix of new entrepreneurs striking gold and older business houses maintaining their legacy over decades, who transform themselves into brand names that resonate with several generations. In this feature, we bring you the stories of two business houses, both of which have a strong base in Tamil Nadu and a reputation that precedes them in India and overseas, who have managed to thrive for decades. Read about their success stories and how they have managed to stay ahead of the game.

THE RESURGENCE OF A GIANT

Ashwin Muthiah, the third generation chairman of the reputed M A Chidambaram group, has resurrected two of the group's flagship enterprises - SPIC and Manali Petrochemicals, with a new financial strategy, change in management and a revived focus on each company's core competency.

The 46-year-old Singapore-based businessman has created AM International Holdings, an umbrella label that will oversee the group's varied interests. While the group has forged a name for itself in several sectors over the years, Ashwin Muthiah has set plans into motion that will intensify the group's focus on two sectors – fertilizers and petrochemicals. SPIC and Manali Petrochemicals Limited have been the first companies of his group that have been put on their feet.

SPIC

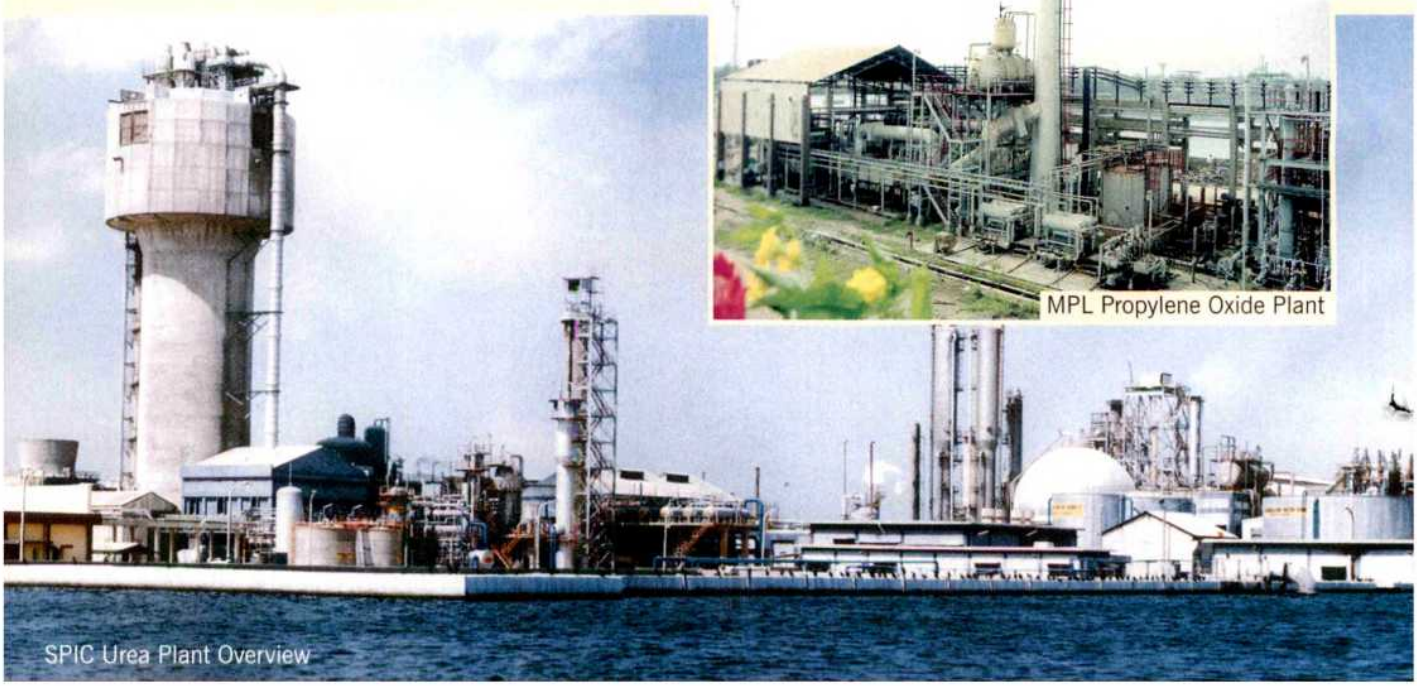
While the industry giant, Southern Petrochemical Industries Corporation (SPIC) has seen the worse of its days in the past decade, racking up a debt of over Rs 3000 crore, the company has replenished its reputation as a heavyweight with a solid comeback – its renewed financial strategies have managed to clear 90% of their debts. Although in the bargain, the company has had to dispose of several of its properties and part of its holdings in various sectors, like pharmaceuticals, bio-technology and engineering, it is now focussed on building the core business that first brought the brand the repute it holds today – fertilizers. SPIC currently functions under the leadership of Ashwin Muthiah, who took over from his father A C Muthiah as the group's chairman in November 2011, as a culmination of the efforts of restoring the company's health. The process involved restructuring the company's financial policies and recruiting new talent at all levels.

MANALI PETROCHEMICALS

Manali Petrochemicals Limited, another prominent investment of the group, which now holds the distinction of seeing profits after a long period of loss since its inception, will also have a major part to play in the group's plans for the petrochemicals sector. The company currently operates two plants in Manali, Tamil Nadu, producing 35,000 tons of propylene oxide, apart from propylene glycol, polyether polyol and system polyol.

MPL Propylene Glycol Plant

MPL Propylene Oxide Plant



SPIC Urea Plant Overview

INTERVIEW

• Manali Petrochemicals made profits after long years. What kept it going in the period of loss?

MPL made losses only for a few years initially. However, we were totally committed to its long-term success. We used the opportunity to trim costs, improve processes, systems and procedures.

• What led to the focus on reviving MPL? And how did the revival actually happen?

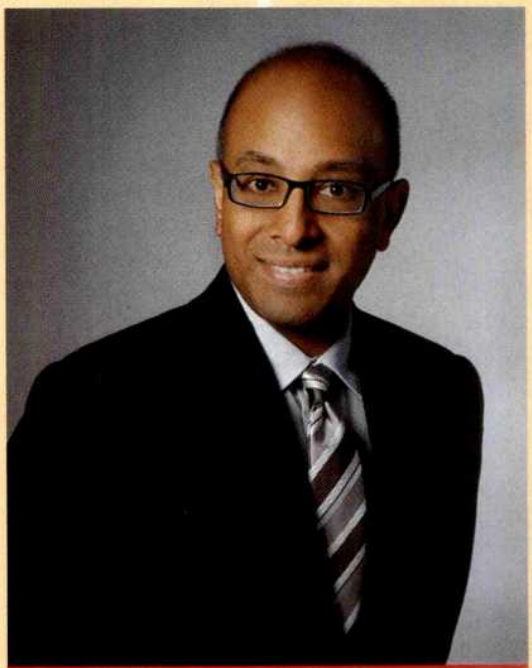
There were several elements. As I said, the most important element was our belief in MPL's long-term success. We chose some hard and soft issues to concentrate on – trimming costs, realigning our product portfolio, dropping non-yielding products and product lines. More importantly, we brought in professional managers who brought with them a new thinking and a new work culture. These steps led to better accountability and created an environment that enabled us to match our desire to succeed with our ability to succeed.

• What are the future plans for MPL – near and long term? What sort of expansion plans do you have for MPL?

We are very focussed on doubling our profits in three years. That is an immediate target. We are also looking for a foothold on our West Coast. New facilities to expand our capacity, tie-ups with foreign customers to make their polyol products in India – we are eyeing all these and more.

• SPIC has managed to turn the tables on its losses, after more than a decade of financial troubles. What would you say was the origin of the company's troubles?

To start with SPIC had to contend with the changing fertilizer policy climate then. Our diverse investments did not yield the expected returns and at a point became non-performing assets. The cost of operations went up because of various factors. By a combination of these two, we ended up running debts that we could neither service nor gear suitably. That, briefly, is where our troubles began.



Ashwin Muthiah

• And how did SPIC manage to revive itself successfully? What has been essential in bringing the company on track?

The primary issue was debt. So we began talks with our lenders. The promoters and lenders agreed mutually on the terms of restructuring the debt. Once that was done the other enabling things followed. On the parallel, we consolidated our businesses, giving them greater focus, the ability to respond quickly and a good appreciation of the importance of cost. We have, after very hard work, been able to bring in external funding for working capital. And largely, we were able to leverage the good condition of our fertilizer plant. That helped in getting us back on our feet and fast.

• How much of a direct part did you play in SPIC's revival? And what lessons has this experience left you with?

Pretty direct, I must say! I led the entire revival process hands on with a commitment to turn it around. I had the good fortune of having an excellent execution team. We remained focussed, ensured good cost control and laid emphasis on business analysis and planning.

• What will SPIC be doing differently now? How has the restructuring helped so far?

We are now keen on raising our credibility among our stakeholders. That has become very important for us. The restructuring has not only improved our financial health, it has given us a lot of insights to make our recovery and profitability sustainable.

• What are the future plans of the company? What is your vision for SPIC?

SPIC will remain focussed on the urea business. We will look at a changeover of feedstock from naphtha to gas. But long before that we need to address some infrastructure challenges that are endemic in our operations – water shortage, for example. We will be exploring opportunities to increase our urea capacity, given the demand-supply gap in India.

• What would you say your heritage has given you? What have you learnt from your father as a businessman?

Maintaining our credibility is of utmost importance to us as we have to sustain our businesses in the long term. We follow certain ethical standards that we do not compromise on.

To give back to society through our socially responsible initiatives and to be compassionate to our people who contribute to our success.

• As a third generation businessman, what values do you think you bring to it? What is your personal ideal that you would like to achieve in being the group's third chairman?

I think I have brought our group a certain focus, scientific financial and commercial management, execution skills, the empowerment-achievement correlation and a high-performance culture. And what do I achieve with these values? Simple. Increased value to the stakeholder.

• Was joining the family business always on the agenda for you? Will you be moving back to India anytime?

I could not think of anything other than the family business. My residence overseas has lent itself better to recreating value in India. I now want to use this platform to create a global footprint.

• Your other interests, apart from business?

Travel, fitness and music.

• How different is your working style from your father's?

Well, we have our individual styles. I would like to believe that I am well organized. I prefer to delegate and base my decisions on consensus.

I usually avail opportunities as they come and do not like procrastination. Overall, the style usually is non-conflicting. I try and understand and appreciate strengths of my people and make use of them for our overall success. I like to convert threats and weaknesses into opportunities. I have an everything-has-a-solution kind of approach to issues.

TAFE

CULTIVATING THE WORLD

Tractors and Farm Equipment Limited (TAFE), a US $1.6 billion company, is the third largest manufacturer of tractors in the world, second largest in India, meeting the needs of farmers in over 73 countries.

The Indian economy is by and large an agrarian economy and the heart of such an economy lays the need for quality infrastructure and equipment. Tractors and Farm Equipment Limited is one such enterprise which caters to the needs of the agriculture based Indian economy. TAFE wields 24% market share of the domestic tractor industry, with a sale of over 148,000 tractors for the year 2011-12 exporting to buyers in over 73 countries including developed countries in Europe and the Americas. The company, which initially started out with one plant, now has seven across all corners of India - at Kelambakkam (Chennai), Kalladipatti (Madurai), Alwar (Rajasthan), Parwanoo (Himachal Pradesh), Mandidheep (Bhopal) and two plants at Doddaballapur (Karnataka). The brands Massey Ferguson, TAFE and Eicher have played an essential role in establishing TAFE's presence across the globe and taking it along on a significant growth path in the field of farm mechanization.

Global thinking, local living

The brand's popularity among farmers globally has not diminished their focus on the local Indian farmer – interestingly, TAFE holds ***kisan goshtis*** in rural areas in a sincere attempt to connect their marketing and sales team with the farmers where they exchange information, discuss problems and find solutions. TAFE works with over 1000 dealers with more than 2000 touch points across India, and all dealer service personnel are trained in the company's product training centre near Chennai; in usage, servicing and

Madurai Factory

troubleshooting of products, to ensure greater convenience to customers. Another such initiative to help local farmers is the JFarm - an agricultural research centre established by TAFE in the memory of S. Anantharamakrishnan, the founder of Amalgamations Group. JFarm was established in 1964 to demonstrate the effectiveness of improved farming techniques. It specializes in adaptive research to help the farmers in and around Tamil Nadu and is located in Pudupakkam, Kancheepuram District of Tamil Nadu. JFarm

JFarm

helps the farmers to plan their schedules and even supplies them quality seeds for farming. It evolves for each crop variety, package procedures for maximum yields, which can be adapted by the average farmer. It advocates the use of farmyard manure, vermi-compost, green manure and crop residues as a substitute for fertilizers to maintain environmental quality. The farm also promotes water management. At JFarm is situated TAFE's Product Training Centre, to provide specialised training to TAFE dealer personnel from all over the country. On an average 220 people are trained every year.

How it all started

The conception of TAFE dates back to the times of the Indian freedom struggle. The entrepreneur behind the Amalgamations Group - S. Anantharamakrishnan, the then Company Secretary of Simpson and Company, impressed the British with his sheer brilliance, vision and dedication that they entrusted him with the reins of the company after their departure from India.

Without wasting any time, S. Anantharamakrishnan executed some well thought out mergers and acquisition and in no time turned it into a conglomerate of companies indulging in diversified businesses such as trading (Addison and George Oakes), book sales (Higginbotham's), coach building (Simpson and Company) and tea plantations (Stanes group of companies). He hired competent professionals and entrusted them with responsibilities of individual businesses. He also initiated the idea of manufacturing as early as 1949 and followed it up with production of diesel engines with technological collaboration from Perkins (UK).

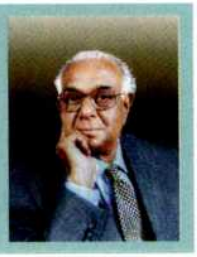
The unfortunate and early death of S. Anantharamakrishnan led to the diversified business and the family to rest on the shoulders of his son Sivasailam, who was barely 28 years old. Sivasailam's model of leadership has been unique as it is based on the overarching principle of fairness, ethics and trust. He gained everybody's trust with his transparent and honest style of management. He was

Three enterprising generations - TAFE CEO **Mallika Srinivasan** (left), father **A. Sivasailam** (Right) with **S. Anantharamakrishnan 's** portrait in the background.

Turkey Factory

"Excellence is not something that we engineer, inspect or input into our tractors. It is an innate desire to attain the best that comes from within each one of us. It defines our lives at work and at home, and ripples out into the world around us".

A. Sivasailam
- Former Chairman & Managing Director, TAFE
1964 - 2011



awarded one of the nation's highest civilian awards, the ***Padmashree***, in 2007 for his contribution to trade and industry.

TAFE's partnership with AGCO Corporation and the Massey Ferguson brand for 52 years, a record in the tractor industry, is a stellar example of TAFE's commitment to its values of building long-term relationships with its stakeholders, through fair and ethical business practices. TAFE exports to over 73 countries, including developed countries in Europe and the Americas. Besides tractors, TAFE and its subsidiaries have diverse business interests in areas such as diesel engines, batteries, transmission components, panel instruments, engineering plastics, hydraulic pumps and cylinders, passenger vehicle distribution and plantations.

Product Training Centre

The pride of TAFE- the Workforce

The company has a very balanced work force that is fortunate in having a fine blend of youth and experience, working together in an ambience that is open. The team is drawn from almost every part of the ethnic diversity that India has. Employees are encouraged by a well defined performance appraisal program that enables open interaction between the employee and the immediate

superior and serves as a platform for not just measuring performance but also analyzing short falls and relating them to competency gaps either in the technical or managerial skills area and drawing up individualized personal development programs.

Values and Ethics

TAFE epitomizes the core values of transparency and honest dealings as exemplified by its enterprising founder. The stakeholders as well as the workforce of TAFE are bound together by the core values of the organization. Over the years, the enterprise has focused on building strong relationships based on trust and transparency. This is reflected by the fact that TAFE now has second and third generation employees, customers, dealers and suppliers.

Bhopal Factory

Alwar Factory

The organizational values have proven that strict adherence to ethics and nurturing long-term relationships are the foundation on which the success of the company rests.

Enriching Lives. Empowering Dreams

Honest and Open Communications

When good value systems permeate the organization it energizes the atmosphere and creates a conducive environment for honest and open communication to occur spontaneously. TAFE's employees and the stakeholder fraternity stay connected with the organization through TAFE's corporate news website TAFE CAFÉ (tafecafe.org). The news site works assiduously to keep everyone updated about the recent and the most interesting events happening in and around the organisation. A new product launch, new initiative, a recent award, musings of an employee, laurels of a young achiever or a movie review, one can find them all at TAFE CAFE. Indeed, an endorsement of strong internal and external communications.

TAFE encourages and advocates the policy of open communication; the Open Forum stands testimony to this.

Open Forum

"Our stakeholder inclusive approach to designing products backed by our high quality and superior performance parameters have helped us forge ahead in markets at home and abroad. TAFE has become a synonym of trust and reliability to all".

Mallika Srinivasan *- Chairman & CEO, TAFE*

The Open Forum, a bi-annual event, serves as a platform for TAFE employees to understand the strategic direction of the organization and share their concerns and questions in an open discussion with the senior management. Several policies have been crafted and instituted as a response to suggestions and requests from employees.

TAFE CAFE

for news, views and more...

A TAFE IDEA

Doddaballapur Factory

Responsible Corporate Citizen

TAFE realises its duties and responsibilities towards the society and various communities. An organisation's success is also determined by what and how it contributes to the society. In this respect, TAFE has proven to be a responsible corporate citizen with its dedication towards improving the lives of its employees, stakeholders and the society at large. TAFE has been the recipient of awards for good business practices, including the Toyota award, CII Exim Bank award and the Engineering Export Promotion Council Award. TAFE has also been awarded the National Award for

JRehab Centre - Madurai

The best employer for people with disabilities in the year 2000.

The company strives to bring good practices down to the grass root level in the organisation, in being a discrimination free employer. In line with that principle, JRehab Centre for the orthopedically challenged runs a wire-harness manufacturing unit for 45 challenged women in Madurai. TAFE also adopts communities around its manufacturing bases, and invests in assuring quality medical care to those suffering from long-term terminal illnesses like cancer, participates in relief work during calamities and partners with academic institutions for research and training. It also supports schools near its plants with infrastructural inputs. Firmly rooted in their principle of improving the lives of the farmers who they come into contact with and promoting responsible practices, TAFE is well into its corporate mission of *Cultivating the World !*

TAFE has grown smartly in the first quarter of the current fiscal, 2012-13. While the industry grew by 2.77%, TAFE grew by 9.3%, and in absolute terms, 76.4% of the industry growth was contributed by TAFE.

After completing business school, S. Anantharamakrishnan's granddaughter Mallika Srinivasan joined TAFE in 1985. Being a third generation entrepreneur, Mallika gained immensely from her father's mentorship. Under his guidance, she learned to experiment, explore, grow and ensured that the business risks she undertook always had a back up plan. She took on the challenges to drive growth aggressively, scaling up sales and having a significant presence across the country and across segments. She led the group to the strategic acquisition of Eicher Motors' tractor business in 2005. Mallika Srinivasan is one of the most successful women CEOs in India and is also on the board of AGCO Corp (USA), TATA Steel and TATA Global Beverages.

About TAFE, she says ***"our stakeholder inclusive approach to designing products backed by our high quality and superior performance parameters have helped us forge ahead in markets at home and abroad. TAFE has become a synonym of trust and reliability to all".***

Kelambakkam Factory

Madurai Factory

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LAST BUT NOT LEAST

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Scents and Sensibility

Meet some of the men and women who develop the fragrances your deodorants and packaged foods give off. By DEARTON THOMAS HECTOR

Kiran Ranga's job has nothing to do with coffee. Yet he sniffs coffee beans every 15 minutes at work. It is his diversion, a break from his real job, that of smelling a "palette" – as he puts it – of 800 odd aromatic substances he keeps acquiring and testing. Ranga is Founder and Managing Director of Ripple Fragrances, the fragrance subsidiary of the Mysore-based NR Group, making room fresheners and car fresheners under the 'Lia' brand, and scented candles, fragrance vaporizers and similar products under the 'Iris' brand.

To get the best fragrances he sniffs and experiments. Ranga, who holds a Bachelor's degree in Business and Perfumery from the UK's University of Plymouth, loves it. He has even set up a laboratory at home where he does most of his olfactory testing – and that too before break-

Sensitive noses: T.S.R. Murali Executive Director, Technology, PepsiCo (third from left) with his R&D team

fast, because a full stomach dulls the olfactory nerves. Ranga, who is called a Master Fragrance Creator, has developed many hybrid fragrances himself – apple cinnamon, jasmine neroli, orange blossom and so forth – by blending and mixing over 60 different scented oils in different ratios.

"My grandfather started making and selling *agarbattis* (incense sticks) in the 1940s," he says. "In those days buyers had little choice of fragrances. But times have changed." Ranga buys his raw material from globally renowned fragrance houses such as International Flavours and Fragrances (IFF), Givaudan and Symrise. Among his buyers is the Paris-based Christian Dior.

So how is it done? Ranga gets all technical. "The basic ingredients have various classifications such as Chypre, Fougere and Oriental," he says. "Chypre is a family of perfumes with a citrus top note, Fougere has a top note of lavender, while Oriental is known for its sweet and heavy notes of vanilla, musks and amber." These are mixed and matched, dilutants – usually alcohol – and antioxidants added for the final perfume.

But it is not only perfumes and perfumed products which give off fragrances. So do many packaged foods, and companies making these take an enormous amount of pain getting the fragrance right, since, according to experts, around 75 to 80 per cent of an edible item's taste actually comes from the smell it gives off.

"When you eat a mint based Lay's potato chip, for instance, the first note that hits you comes from the mint, followed by the spices as you chew," says T.S.R. Murali, Executive Director, Technology, at

TOUGH CALLING

Qualifications needed to become a flavour inspector and institutes offering the courses

Ph.D/ B.Tech in Food Technology
Amity Institute of Food Technology (AIFT), Noida

M.Tech in Perfumery and Flavour Technology
Institute of Chemical Technology, Mumbai

M.Tech in Food Technology
Laxminarayan Institute of Technology, Nagpur

Masters in Food Technology
Central Food Technological Research Institute (CFTRI), Mysore

SHEKHAR GHOSH/www.indiatodayimages.com

Did You Know?

Grasse in Southern France is the birthplace of modern perfumery. Initially, perfumes were used by women only to reduce the odour of their leather gloves

Lavender in perfumes is said to mitigate negative emotions such as frustration, irritability, anxiety and panic

The scent of cinnamon and jasmine is said to provide positive energy, imbue users with hope and confidence

The perfume a deodorant contains accounts for 30-40% of its total cost

PepsiCo, India Region, who heads the company's vast research and development (R&D) wing. "The aftertaste too is a residue of mint."

The latest product in which Murali's team played a key role was the '7UP Masala Nimbu Soda', a drink PepsiCo introduced in Punjab this summer. "In the South, to which I belong, we are not used to masala in lime juice, but in North India it is omnipresent," he says. With spices, aroma is all, but they present a major challenge. "They are one of the most contaminated things in the world, and extracting pure samples and using them in beverages which need to have a shelf life of months takes some doing," Murali adds.

Entry salaries for sniffers are around ₹4 lakh per year, which rise to about ₹15 lakh after a decade's experience. It is a demanding task. "Those doing the job must have good noses to start with, but they should also be non-smokers, and should not have eaten, or inhaled any strong odour, for at least an hour before starting work," says Prabhakar Kanade, Chief R&D Officer of Mother Dairy, who heads a team of 32. Health matters too. "If someone has a cold, he will not be included in the evaluators' panel," says C.S. Sai, General Manager, Foods R&D at CavinKare, Chennai.

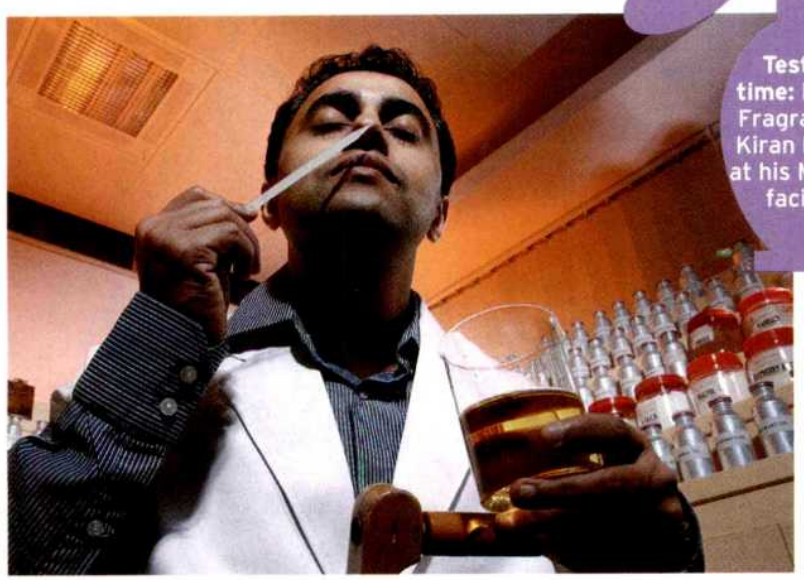
Every year Mother Dairy comes out with new flavours for its ice creams and other products. "They are a combination of natural fruits, natural flavours and formulated flavours," he adds.

"For each new aroma we introduce, we usually have a panel of eight evaluators who sit in an air-conditioned room and are given the same product to pass judgement on." At other firms, panels can be larger.

"The fragrance market in India is growing, but the growth varies across product categories," says T.T.P. Shaheel, Business Unit Head India (Fragrances) at IFF India, which supplies raw material to many companies including Ripple Fragrances. "Newer categories, such as deodorants, hair conditioners and face wash have a lot of growth potential, but others like bar soaps and detergents, which are heavily penetrated already, are not growing so quickly."

But there are also curious, India-specific impediments. The deodorant market, for instance, has to cope with a paucity of volunteers for testing. "It is hard to get volunteers, especially women, willing to let evaluators sniff their underarms. It is still a sort of taboo here," says Meenakshi Narayanan, General Manager, Product development, CavinKare.

In the West, many evaluators have their noses insured as part of company provided health insurance. "It would be good if Indian companies too followed that," says Sai. "There is after all a risk in smelling new products." ◆



DEEPAK. G. PAWAR

Testing time: Ripple Fragrances' Kiran Ranga at his Mysore facility

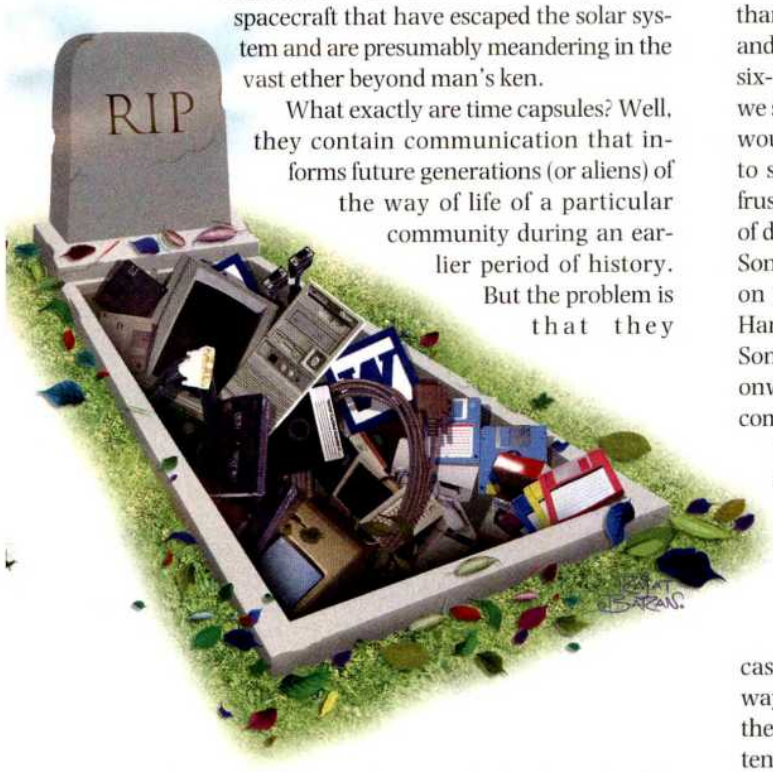
Send your comments to editor.bt@intoday.com

JOEL RAI

Collateral Data Damage

Antiques are no treasures in the fast-changing world of technology

Remember the time capsule the late Indira Gandhi's Congress government buried in the mid-1970s? Unfortunately, the post-Emergency general elections led to the rout of the Congress and the new government dug up the time capsule well before its scheduled opening. There have been many other time capsules in other places, including two on spacecraft that have escaped the solar system and are presumably meandering in the vast ether beyond man's ken.



What exactly are time capsules? Well, they contain communication that informs future generations (or aliens) of the way of life of a particular community during an earlier period of history. But the problem is that they need to carry an appropriate Rosetta stone to decipher data. If we were to type out the history of the current world and collect pictures of the greatest contemporary moments on earth and confine them to a century of isolation, will the generation that finally gets to see them be able to make sense of the contents?

Not likely, especially if the contents were inscribed using current media technology. Microsoft (MS) Word is perfect for long, written documents and JPEG files eminently suitable for visual showcasing. But a hundred years hence, these will undoubtedly have become inaccessible. Come to think of it, even today, a 2007 MS Word document cannot be read on a computer that runs on older operating systems. I have often been requested for Word and Excel documents in the more compatible 1997/2003 versions. With a new MS Office slated for release shortly, you can be sure the 1997/2003 version will lose currency soon enough.

This is one of the drawbacks of the rapidly changing world of technology. With developers coming up with newer gadgets and niftier upgrades much more quickly than before, we are seeing the detritus of older machines and software turning into a mountain. Remember those six-inch floppies or the compact floppy disks on which we stored content? If I retrieved one from a time capsule, would I be able to read anything on it without recourse to specialised gadgetry? I know my efforts would be frustrated. Just as they are when I contemplate the stack of digital tapes on which I have videos captured by my Sony Handycam. Today, the only way I can see what's on the tapes is by playing them on my now quaint Handycam. I cannot download them on my laptop (the Sony software being incompatible with Windows Vista onward). Neither can I use my old editing software (my computer no longer supports the Pinnacle editor I used).

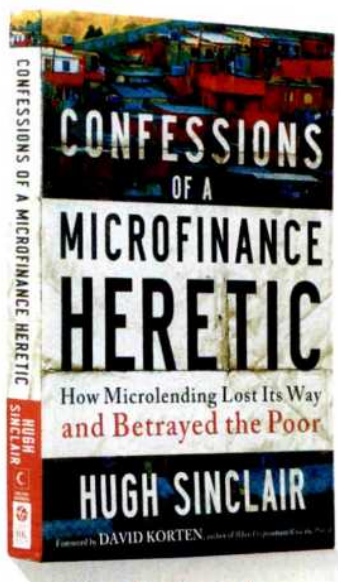
One of the most frequent requests received by *Gadgets & Gizmos* concerns cassettes – both audio and video. Some of the best music of a generation was stored on audio cassettes. Umpteen weddings were captured on video cassettes. Now there are almost no media players that can read either. Readers ask us how to convert the content of the cassettes to digital formats. We tell them of elaborate ways to do so. But will this help them? For the time being the compact discs on which the converted digitised contents are stored can be read by home theatre systems and audio players. But for how long? As it is, the once revolutionary CDs and DVDs are already a technology of the past. Even Blu-ray, with its more contemporary vintage, is hardly a thriving technology.

Sadly, this is how technology bites back – every time a new and better technology emerges, we, connoisseurs of the state-of-the-art, have to be prepared to lose precious data. Is there a way to preserve all our memories in the cyber attic? Unfortunately, no. There comes a time when we have to abandon our hoarding instinct. We can only choose to convert the most wanted into accessible media and hurl the rest on the mountainous pile of lifeless bits and bytes. ◆

The writer is Executive Editor, Gadgets & Gizmos

The Rot in Microfinance

The book discusses where the microfinance movement went wrong and how to rescue it



Confessions of a Microfinance Heretic: How Microlending Lost its Way and Betrayed the Poor

By Hugh Sinclair

Collins Business

Pages: 268; Price: ₹350

I am reminded of the Mughal empire. I feel the microfinance industry has been through the Akbar and Shah Jahan phases and we are now well into the Aurangzeb phase, which means it is huge and it is formidable, but it is also starting to crumble at the edges."

Sanjay Sinha, Managing Director of Micro-Credit Rating International Ltd (M-CRIL), a rating agency for microfinance institutions (MFIs), uttered these prophetic words at a round table of experts on microfinance *Business Today* had organised in New Delhi in July 2010. Just three months later the tsunami, in the shape of an Andhra Pradesh ordinance, that would bring down the MFI edifice, struck.

Today, the sector is not exactly in ruins, but is still reeling from the impact of that ordinance (since turned into an Act). There are other reasons too for its problems, but the main one was the Andhra Pradesh clampdown, in what seems to have been a turf battle between the private sector MFIs and the state. Andhra Pradesh used to be the country's biggest market for microfinance, but following the Act, almost the entire amount of about ₹7,000-crore loans outstanding in the state turned into non-performing assets as virtually no one who had borrowed repayed. MFIs in turn stopped lending and many poor borrowers had to go back to moneylenders.

Thus Hugh Sinclair's book has great significance for India. It looks closely at the $70 billion global microfinance industry's challenges. Based on his own experiences, Sinclair describes how microfinance operates in different parts of the world.

Sinclair, who has spent long years working at MFIs from Mexico to Mozambique, touches upon the developments in India too, where the sector has shrunk to an estimated $3 billion, down from $5 billion in the pre-October 2010 period.

The book certainly leaves the impression that microlending lost its way by becoming overly commercial, interested only in revenues and bottomlines, and thereby not doing enough of what it was intended for – hand-holding the poor and capacity building, apart from giving them loans. There is good reason to believe that some of the microfinance players ended up hurting, if not betraying, the poor. For, even now, there are some 20 million people, including repeat customers, and many very poor people, who could never have accessed bank loans, being served by MFIs.

The book must be read for not only for the global examples it cites and the lessons to be drawn from them, but also for the advice it offers on how to bring the sector back on the rails. This is given in the form of pointers in the last of the 13 chapters titled *The Good, the Bad and the Poor*. There is advice for all – the MFIs, the regulators, the whistle-blowers and even the poor who avail MFI loans. Here is one of the nuggets for the poor: "If you are ill-treated or threatened, don't commit suicide – complain directly to the MFI, investigate if there is a local regulator, or go to the local press. Journalists love pictures of loan officers harassing poor clients....." ◆

E. KUMAR SHARMA

The book certainly leaves the impression that microlending lost its way by becoming overly commercial and thereby not doing enough of what it was intended for

Computers as Brokers

Manasi Mithel on the rise of algorithmic trading

Goel, an IIT Delhi Computer Science graduate, who prefers not to reveal his first name, set up an algorithmic, or algo, trading consultancy two years ago. Today, he trades on a host of exchanges, managing around ₹20 crore worth of funds. "My daily turnover has sometimes touched ₹1,300 crore," he says.

Algo trading is an automated facility where trading is carried out by computer driven algorithms designed by traders. Instead of the traders manually doing so, it is these algorithms that determine which orders – to buy or to sell – get booked. The high speed – transactions can take as little as 18 microseconds – at which such trading takes place, gives it a competitive advantage over conventional manual trading. While a single trader can manually handle at best a portfolio of around ₹5 crore, an algo trader, working alone, can cope with ₹50 crore to ₹55 crore.

Algo trading started in India in 2005. But it was only in 2008, after the Securities and Exchange Board of India (SEBI) allowed Direct Market Access, or electronic interaction with the order books of exchanges, that this facility started gaining wide acceptance. Today, around 16 to 17 per cent of trading on the Bombay Stock Exchange (BSE) and National Stock Exchange is algorithmic, with about 80 to 90 companies engaged in it. But many believe that in the next three to four years, the proportion could rise to 60 to 70 per cent.

Algo trading calls for two kinds of skills: strategy or domain knowledge, and code development. Domain knowledge means knowing stock trends in different sectors thoroughly, while code development requires a strong command of programming languages. Indeed, a background in coding is in high demand. "Our team has to consist of people who are inclined towards coding, so as to make programmes according to the whims and fancies of clients," says Sudhir Dhar, Associate Director and Head of Human Resources at Motilal Oswal Financial Services.

STATE-OF-THE-ART
Algo trading uses computer driven algorithms to decide which stocks to buy and sell

Offers Opportunities for
Candidates with Engineering and Computer Science backgrounds

Professionals Start at
₹15-20 lakh
per annum

Rosy Future
Algorithmic trading could account for
60-70%
of trading in equity markets in next 3-4 yrs

Source: *BT* Research

The Indian Institute for Quantitative Finance (IIQF) offers six month and one year certificate and diploma courses in algo trading. Many trading consultancies have recently begun their own training programmes. "We have a six-month certificate course costing ₹60,000. So far 500 candidates have enrolled," says Vipin Kumar, head of India operations of financial technology solutions provider Modrika. The firm began the course after it found, on opening its office in India a year and a half ago, that there were few people with expertise in the field.

However, algo trading has also raised worries. It is being closely examined by both SEBI and the Reserve Bank of India for allegedly causing disruptions in the market as well as bias in favour of large institutional investors. Last year, all trades during Mahurat trading on Diwali, October 26, were cancelled by the BSE, following unexpected volatility which was blamed on algorithmic trading.

Some also question the expertise of algo traders. "Today there are a lot of people with only computer science knowledge getting into this field," says Professor Abhijit Biswas, Director, IIQF, Mumbai. "They can do some serious damage. Regulators need to come up with stringent norms for a proper certifying process for algorithmic trading, like the trade association of mutual funds (AMFI) has done for mutual funds." ◆

A Justice for All

Altamas Kabir
Chief Justice of India

The best way to understand a judge is through his judgments. A glance at the many landmark judgments **ALTAMAS KABIR**, the new Chief Justice of India, has delivered or been part of in his career reveals two striking traits – a commitment to upholding constitutional propriety and an enormous empathy for the disadvantaged sections of society.

Kabir, 64, has been on benches that delivered judgments on many constitutional matters, human rights cases and election issues. These include restraining banks which used musclemen for loan recoveries, ruling that female relatives of a husband could also be booked under the Domestic Violence Act, upholding of the constitutional office of Governor, and laying down that a member of Parliament removed or suspended by his party does not lose Parliament membership. In 2008, strongly defending the fourth estate, he restrained the Gujarat government from arresting political analyst Ashish Nandy for a piece Nandy had written. Justice Kabir told the Gujarat counsel at the time: "If a journalist cannot write, then who else will?"

Kabir began his career in 1973 as an advocate in a West Bengal district court and later, the Calcutta High Court. He became a permanent judge of the Calcutta High Court in 1990. He was made chief justice of the Jharkhand High Court in March 2005 and elevated to the Supreme Court in September that year.

Kabir hails from a family of educationists and politicians from West Bengal. His uncle Humayun Kabir was education minister under prime ministers Jawaharlal Nehru and Lal Bahadur Shastri. His father, Jehangir Kabir, was a trade union leader who also served as a minister in West Bengal. His sister Shukla Kabir Sinha is a judge in the Calcutta High Court while wife Minna Kabir is a child rights activist.

Lawyers who have appeared before Kabir say he gives them all a patient hearing, and has no preconceived notions. "Whether you win or lose a case, you come out satisfied that you got the fullest hearing from him. That's all a lawyer wants," says senior Supreme Court advocate K.T.S. Tulsi. "He has no hang-ups." U. Sarathchandran, member-secretary of the National Legal Services Authority, concurs. "He's very amicable and accessible to even the lowest cadre," says Sarathchandran. "He's very strict at the same time. No one can influence him based on any acquaintance."

Kabir takes charge at a time when the Supreme Court is increasingly deciding on matters that vitally affect Indian business. Its opinion on how the government should allocate natural resources – following a Presidential reference – is the latest instance. It may soon take up the alleged irregularities in allocation of coal blocks as well as a public interest litigation on foreign direct investment in retail. But Kabir's legacy will also depend upon how he tackles the challenges facing the judicial system, such as the huge number of pending cases, the vacancies in high courts, and the perception that the judiciary is encroaching into the domain of policymaking. He retires on July 18, 2013.

SEBASTIAN P.T.

SHEKHAR GHOSH/www.indiatodayimages.com

Joe Hinrichs
President, Asia Pacific and Africa, Ford

Full of Drive

JOSEPH "JOE" HINRICHS, 45, President, Asia Pacific and Africa at Ford Motor Company, loves to "borrow" – as he puts it – his son's black Mustang and go on long drives. He loves zipping along the expressways near the company's headquarters in Detroit. "It relaxes me and helps me think," he says. Despite his punishing schedule, he also works out for an hour every day. Hinrichs, who was in India recently to oversee the progress of Ford's new plant, being built in Sanand, Gujarat, says the country is very important for his company and will be the third-largest car market in the world by 2020. Naturally, Ford wants a large share of the market and is investing around $2 billion here over the next few years. It also plans to make India its global manufacturing platform for small cars, and will introduce five new cars here by 2015. Hinrichs is tipped by many insiders to eventually take over the top job at Ford.

VIVAN MEHRA

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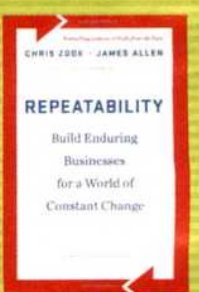

by
Chris Zook
Partner, Bain & Company
and Co-Head of Bain's Worldwide Strategy Practice

Thursday, October 18, 2012 ▪ 5:30 pm – 6:30 pm

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avid Blackmore
Master Brand Ambassador,
Glenmorangie Co. Ltd

RACHIT GOSWAMI/www.indiatodayimages.com

Acquired Vocation

Though born and brought up in the Scottish Highlands, **DAVID BLACKMORE** never cared for single malts while young. But that was a long time ago. Today, the 37-year-old Scotsman is Master Brand Ambassador of one of the oldest and best known single malt makers, The Glenmorangie Co. Ltd, founded in 1843. He became its ambassador to the US in 2005, his domain expanding to include Asia and Canada in 2010. Blackmore was recently in India to unveil Glenmorangie's 'Unnecessarily Well Made' initiative through a creative collaboration with automotive design stalwart, Dilip Chhabria. "Single malt is an acquired taste, which is well worth putting in an effort into acquiring while growing up," he says.

ANUSHA SUBRAMANIAN

Sudarshan Venu
VP, TVS Motor Co.

No Concessions

His baptism has been by fire. When **SUDARSHAN VENU**, 23, joined TVS Motor Co. – of which his father Venu Srinivasan is Chairman and Managing Director – last December as Vice President, he was immediately plunged into the development of a product the company is banking on to bring it back in the reckoning. TVS has been losing market share in two-wheelers. The TVS Phoenix 125, which Venu rode at its recent launch, also ends the company's absence in the profitable and high volume 'executive bike' segment. Company officials claim the new offering benefited from Venu's involvement, given his multi-disciplinary educational background straddling economics, engineering and technology development.

N. MADHAVAN

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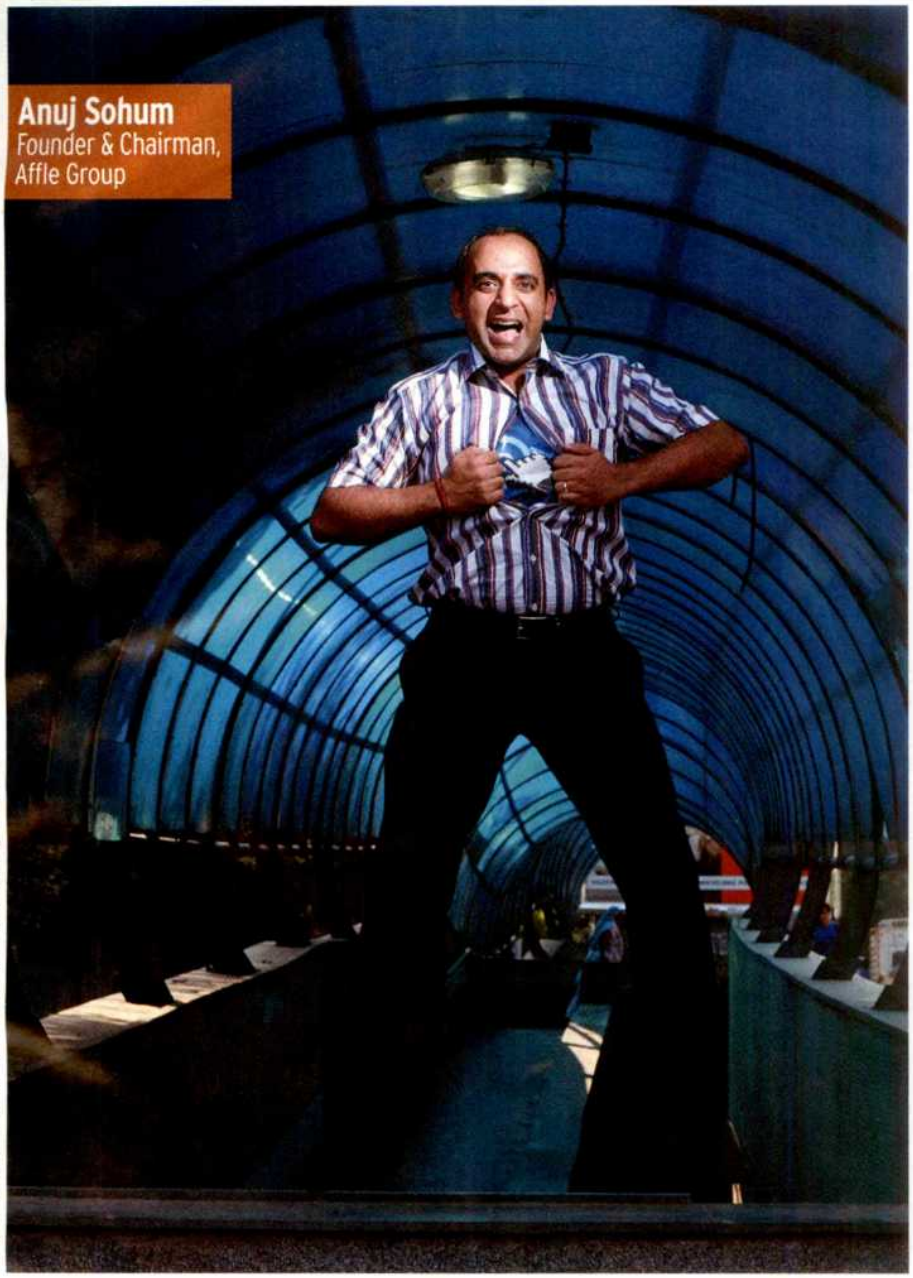


Anuj Sohum
Founder & Chairman, Affle Group

ADITYA KAPOOR/www.indiatodayimages.com

Texting Success

ANUJ KHANNA SOHUM, Founder and Chairman of Affle Group, started and sold his first company when he was 20, and still a student at the National University of Singapore. Now 34, he calls himself a 'serial entrepreneur'. Started in 2006, Affle – short for Affordable and Mobile – is the first Indian company to focus solely on advertising on mobile phones, offering digital solutions using SMS Internet feeds. "India has huge potential as a mobile marketing destination because of the insatiable consumer appetite for mobile content," he says. He also recently launched Ripple, which he calls "the next generation media and video advertising network platform for all smart devices". An avid swimmer, Sohum also loves singing, especially to his infant son. When the boy grows up, will he switch to sending him SMSes instead?

VIVAN MEHRA

Fresh Brew

Avani Saglani Davda
CEO, Tata Starbucks

The Tata Group has been infusing young blood in senior positions at a steady trot. **AVANI SAGLANI DAVDA** is the latest among them. The 33-year-old Tata Administrative Service product has been made CEO of Tata Starbucks, the 50:50 joint venture of Tata Global Beverages with US-based Starbucks Coffee Co., to bring the Starbucks brand to India. Davda, a management graduate from Mumbai University, who has been with the group for a decade, will oversee the JV's plan to invest $80 million initially. Tata Starbucks opens its first coffee shop in south Mumbai later this month.

G. SEETHARAMAN

ANIL KHANNA

Managing Director, Blue Dart Express Ltd

My leadership style

- ☐ Delegative
- ☐ Participative
- ☐ Authoritative
- ☑ All of the above

The political leader I admire the most
Nelson Mandela

The business leader I admire the most
Ratan Tata

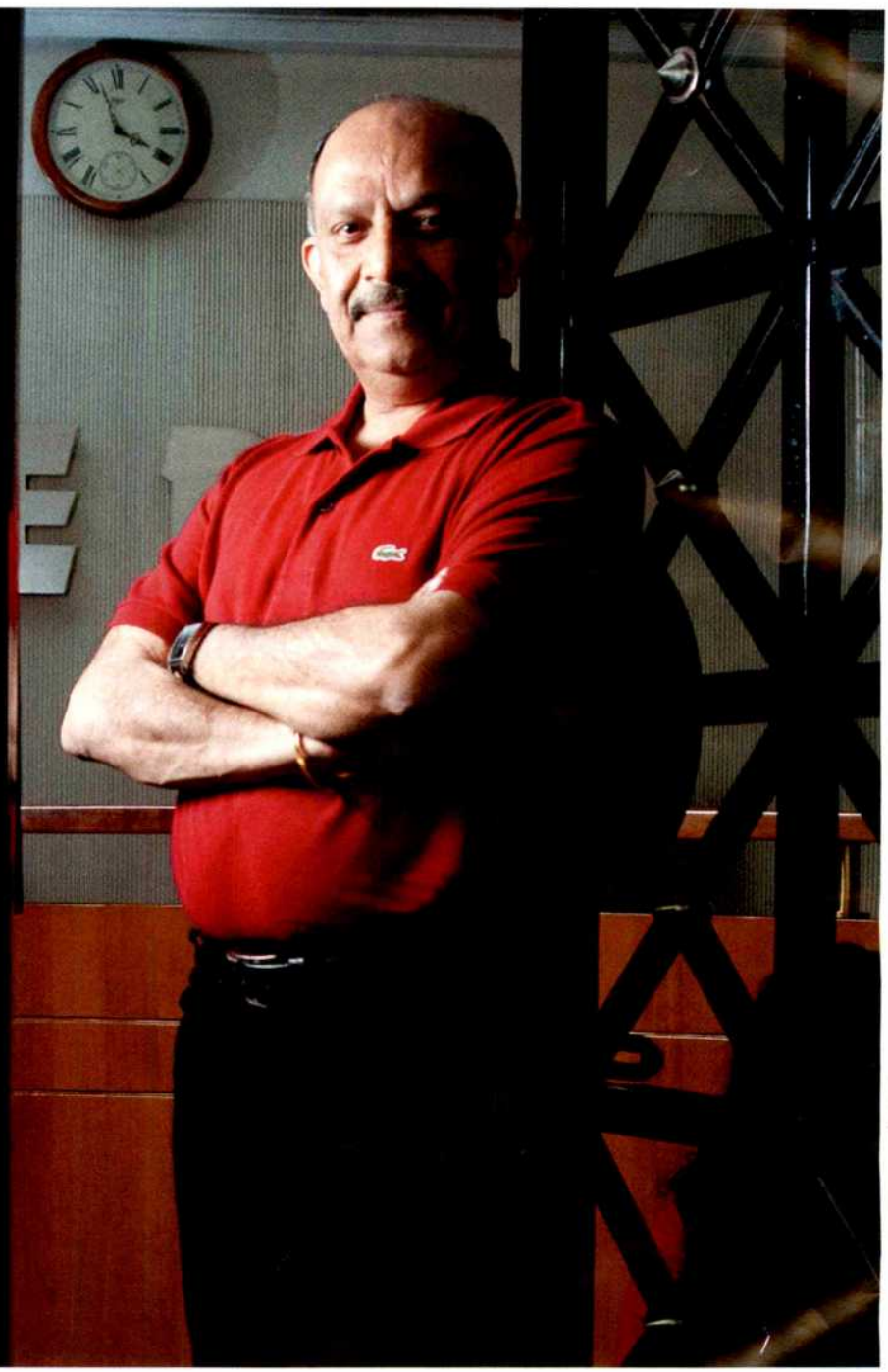
The leadership lesson I remember best
When you challenge your team members and motivate them they will always achieve the goal you set them

A book I would recommend on leadership
How the Mighty Fall by Jim Collins

The difference between a manager and a leader
A leader innovates and strategises while a manager administers and executes

All good managers are good leaders
No

As told to N. Madhavan



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THE GMAT® REPORT

Watching Your Competitors?

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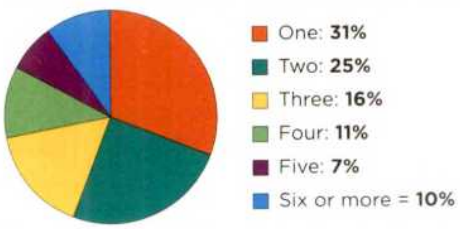
Grab Student Attention

Number of program types that prospective students are considering applying to:



Source: 2012 mba.com Prospective Students Survey Report.

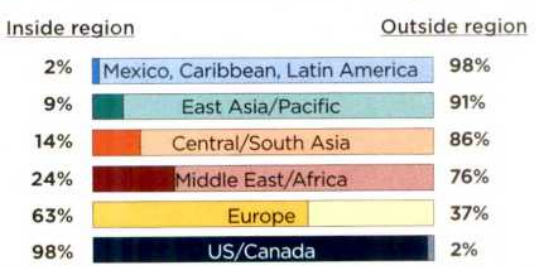
Monitor the Expanding Marketplace

Percentage of master's programs whose applications increased or held steady from 2010 to 2011:

Source: 2011 Application Trends Survey Report.

Understand Student Mobility

Percentage of GMAT scores sent within and outside the region:



Source: Citizenship data, 2012 World Geographic Trend Report.

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